Report to the California Department of Housing and Community Development on Enterprise Zones

by

Nonprofit Management Solutions

and

Tax Technology Research, LLC

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Executive Summary

The purpose of this study is to ascertain the California State Enterprise Zone (EZ) Program's success in meeting the following stated objectives:

- Stimulate business and industrial growth in depressed areas of the State;
- Help attract business into the State;
- Help retain and expand business and industry; and
- Create increased job opportunities for all Californians.

To most efficiently and effectively address those objectives, the California Department of Housing and Community Development (HCD) engaged a team of professionals from two organizations: Nonprofit Management Solutions (NMS), a premier provider of professional services to nonprofit and government agencies; and Tax Technology Research (TTR), a nationally recognized tax research organization.

Together, NMS and TTR have applied their track record of service to local and State government with shared experience in conducting optimization studies and analysis of the implications of programs and services on public policy decisions. For NMS this work represents its core mission of serving communities through management, program and service-capacity building, applying efficiencies and best-practice models to enhance the impact of government and nonprofit clients. For TTR, the research partner on this proposal, it leverages the significant work their chief economists have undertaken independently on the study and in analyses of EZs in particular, and the application of data models to help clarify public-policy issues in general.

The research team examined all California EZs from 1980 through 2004. Data were drawn from publicly-available information, data shared by the California Franchise Tax Board (FTB) and HCD, and through surveys sent during the study to firms utilizing the EZ Program. The publicly-available data source was obtained from the Bureau of the Census, which contained economic data by census tract from 1980 through 2000. Data from FTB was from a report sent to HCD by the Statistics Division of the FTB in September 2005 (and received by us on January 18, 2006) which detailed EZ credit and deduction usage for 2003 by industry type and by EZ area. Other FTB data was a report generated for Assemblyman Johan Klehs on February 16, 2006 containing tax return information related to the EZ Program. HCD data were contained in a report sent to NMS and TTR on January 18, 2006 detailing vouchering data by EZ area and hiring credit criteria. Survey data were obtained by surveys sent out to all firms participating in the EZ Program as of September 2005. The surveys were sent by EZ coordinators in December 2005. The survey instrument was constructed by NMS and TTR, and completed surveys were sent directly from firms to the NMS office for processing.

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Results indicate that after EZ designation, those areas (as compared to immediately neighboring areas and to the rest of California) showed measurable decreases in poverty rates, unemployment rates, and vacancy rates, as well as measurable increases in household income and median rents. Averaging across all EZs during the 1990s decade, poverty rates declined 7.35 percent more than the rest of the State, unemployment rates declined 1.2 percent more than the rest of the State, household incomes increased 7.1 percent more than the rest of the State, wage and salary income increased 3.5 percent more than the rest of the State (although it actually grew about the same for EZs established in the 1980s), vacancy rates decreased 0.85 percent more than the rest of the State, and median rents increased 2.3 percent more than the rest of the State. These results were less strong for EZs established in the 1980s, which actually saw continued economic decline in the 1980s before recovering in the 1990s. Analyses of individual EZs showed widely-varying effectiveness in terms of job creation, income growth, and tax costs of jobs created. Many EZs saw strong post-designation economic recovery, while some EZs experienced very little economic recovery.

New jobs associated with EZ hiring credits may be in excess of 56,000 for 2004. Total hiring credit costs for 2003 is estimated to be $300 million. Surveys sent during the study to EZ-participating firms indicated that firms found the program useful, and based their hiring/retention decisions in part on hiring credits. Fifty-three percent of the respondents indicated that the EZ Program affected their expansion and location decisions, and in general they were very supportive of the Program.

The report that follows provides detailed information derived from the intensive study conducted for the EZ Program. Specifically, data is presented for each of the 39 enterprise zones, and also at the aggregate State level. Our employment impact estimates by EZ were understated for some EZs due to unusual vouchering practices in one EZ. Specifically, thousands of vouchers were processed by the Oakland EZ in 2003 for firms located outside of Oakland. This practice appeared to shift to the Richmond EZ in 2004. We could not identify with which EZs these jobs were associated.

NMS and TTR are confident that the information contained in this report is both accurate and relevant to help determine the overall value of the EZ Program.

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Introduction

In September 2005 the California Department of Housing and Community Development (HCD) awarded a contract to Nonprofit Management Solutions (NMS), with Tax Technology Research (TTR) LLC as the sub-contractor[1], to evaluate the California Enterprise Zone (EZ) Program. HCD is responsible for overall administration of the EZ Program. HCD charged NMS and TTR with addressing a number of questions, which are denoted in the study under titles in bold.

Methodology

In examining economic impacts of the EZ Program, is important to note that sufficiently geographically detailed data for industrial activity does not exist to perform this level of analysis. EZ boundaries are very precisely and irregularly defined, requiring at a minimum Census-tract level data to ensure accuracy. However, the Bureau of Census collects very geographically-detailed economic data at the household level. If industrial growth occurs in an EZ area, it should also manifest itself in economic growth for individuals living in the same area. The growth can be direct (e.g., a new EZ firm hires an EZ employee) or as a spillover (e.g., increased EZ business activity results in housing value increases in the EZ). Accordingly, all of our analyses utilize Census data from 1980 through 2000.

Our experimental design for the analyses was to first identify census tracts that contained only EZ areas. Any census tracts partially within census tracts were discarded from the analysis since they would be diluted by non-EZ effects. Similarly, we constructed two control groups to which to compare the EZ census tracts. The first group included any census tracts immediately adjacent to EZ census tracts, but containing no EZ areas within them. These areas can be meaningfully compared to EZs because of their otherwise similar geographic similarities (i.e., similar access to infrastructure, markets, etc). The second control group contained all other census tracts throughout the State not falling into either the EZ category, or the near-EZ category. This group may control for statewide trends occurring during the 1980 through 2000 period.

[1] Principal investigators for TTR were Dr. Ayse Imrohoroglu, Department Chair and Professor of Finance and Business Economics, and Dr. Charles Swenson, Professor of Accounting and Leventhal Research Fellow, both at the Marshall School of Business at the University of Southern California.

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We supplemented our Census data with other data sources. For issues related to job creation/hiring voucher activity, we utilized reports provided to us by HCD covering the 2003 and 2004 periods. For data as to tax costs of the Program, we utilized a variety of reports provided to us by the Franchise Tax Board (FTB).

Finally, to address questions about how the EZ Program affected economic activity, we solicited information directly from firms participating in the EZ Program. We constructed an anonymous survey instrument which we forwarded to all EZ coordinators. Coordinators then mailed the surveys to firms participating in the Program in their area, along with a self-addressed anonymous return envelope, for the respondent to return to NMS for inputting and analysis. The results can only be generalized to EZ-participating firms. As such, we cannot know whether respondents who enjoyed greater EZ benefits were more likely to respond (i.e., response bias). Additionally, the limitations of survey methodology are well-known: errors by respondents, select response to only certain questions, etc. Despite these potential shortcomings, the results provide unique empirical evidence as to how EZ-participating firms perceived the Program and how they perceived it affected their economic activities.

I. Stimulate Business and Industrial Growth in Depressed Areas

Service 1: Determine the impact of each EZ incentive type on the development and infill of parcels within the zones.

Findings:

The major incentives offered by the EZ Program are hiring credits, lender interest deductions, credits for certain sales taxes paid, and extended carryovers of net operating losses (NOLs).

To examine the impact of the EZ Program on infill of parcels and development, the ideal source of data would be county property tax records, both before and after EZ designation, for both the EZ parcels and nearby (otherwise identical) parcels not in the EZ, over the 1980-to-2000 time period. If the EZ incentives are effective, a relatively larger infill of EZ parcels after EZ designation should be observed, both vis-à-vis themselves, and vis-à-vis nearby parcels. Unfortunately, such data is not easily available, especially given the limited timeframe in which this study was to be completed.

We can, however, estimate the economic impact of the EZ Program in terms of a number of other economic indicators (from Census data). These analyses are discussed next.

Between 1990 and 2000, the 39 California EZ areas generally experienced, relative to themselves prior to EZ designation, and relative to immediately adjacent areas[2] and to areas in the rest of the State:

- ► decreased unemployment
- ► decreased poverty rates
- ► increased household income
- ► decreased vacancy rates
- ► increased rents
- ► increased wage and salary income

The exact numbers, along with statistical tests of significance, are reported in the detailed tables of the Technical Paper contained in Appendix II, which also contains the underlying theory, and methodology used to analyze Census data. It is important to note that these results were stronger for EZs established in the 1990s than those established in the 1980s. Also, we found little if any economic impact of EZ programs

[2] One way to think of these adjacent census tracts is as a type of control group insofar as basic geographic characteristics (certain infrastructure features, certain market characteristics, etc) are similar to nearby EZ census tracts.

on EZs established in the 1980s, until the 1990s. This result may be due to the fact that 1980 EZs were established late in the decade, and that public knowledge of EZ programs took a while to occur.[3] By contrast, most EZs established in the 1990s were established earlier in the decade, allowing for potentially more dramatic impacts of EZ policies over the decade.[4] It is also important to note that these results varied significantly by individual EZs (as shown in Appendix III), with some EZs showing much less economic recovery than other EZs.

Aggregate (Statewide) Results

Poverty Rates: EZs Established in 1980s

Figure 1a shows poverty rate changes for EZs established in the 1980s for EZs[5], areas nearby to EZs (NEZ), and for remaining areas of California (Rest). The top third of the chart shows changes in poverty rates for areas of the State not in EZs, or next to EZs. The right side of the top third of the chart shows poverty rate changes from 1980 to 1990. We see that poverty rates increased 4.4 percent during this decade for the rest of the State. To the left of this, we see poverty rate changes from 1990 to 2000. We see that poverty rates declined 1.6 percent during this decade for the rest of the State.

The middle section of the chart shows poverty-rate changes for areas next to EZs. From the right side of the chart, we see that poverty rates increased 13.4 percent in the 1980s for these areas. The left side of the chart shows that poverty rates dropped by 6.1 percent in the 1990s for these areas.

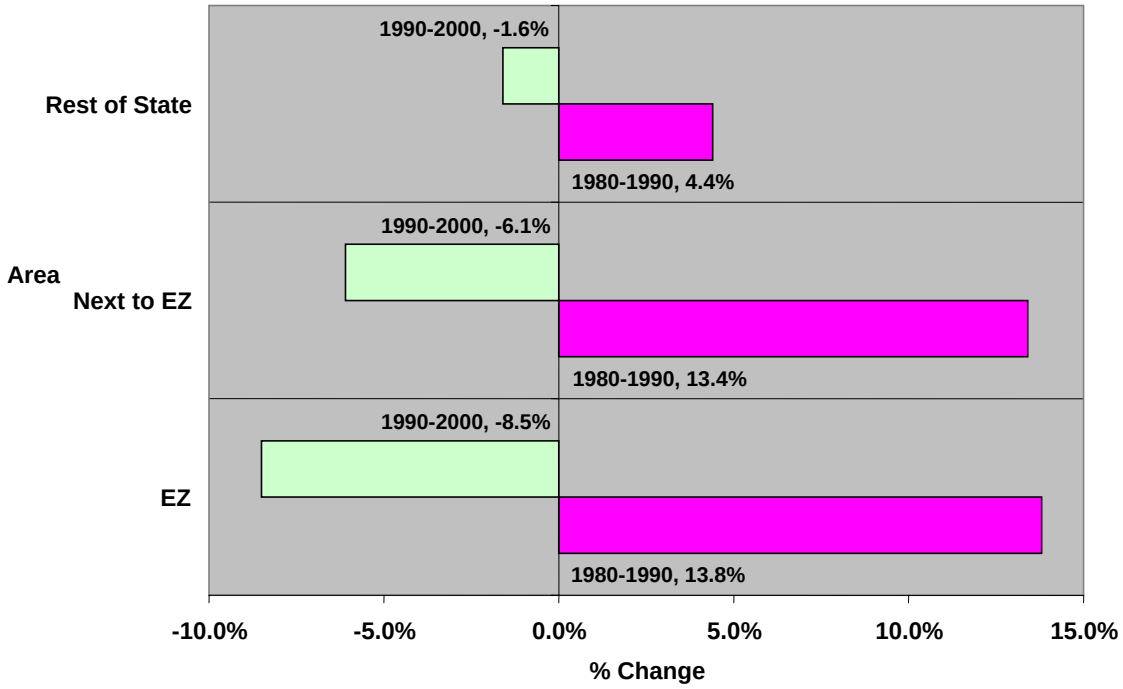
[3] This is corroborated by FTB data which shows very few hiring credits claimed in the 1980s, and increasing credit usage from 1993 through 2003. Aggregate hiring credits reported by year are as follows: 1986: $674,504; 1987: $915,173; 1988: $1,528,396; 1989: $3,901,881; 1990: $2,856,895; 1991: $3,299,285; 1992: $9,247,529; 1993: $12,611,459; 1994: $18,709,149; 1995: $25,242,191; 1996: $23,979,705; 1997: $35,863,364; 1998: $48,483,112; 1999: $74,902,349; 2000: $102,657,333; 2001: $120,034,044; 2002: $155,991,185; and 2003: $178,017,179.

[4] 19 EZs were started in the 1980s, and 20 were started in the 1990s. The EZs from the 1980s are: Bakersfield/Kern (10/15/1986), Calexico (10/15/1986), Eureka (10/15/1986), Fresno (10/15/1986), Los Angeles – Central City (10/15/1986), Los Angeles – Eastside (1/11/1988), Los Angeles – Harbor Area (3/4/1989), Los Angeles – Mid-Alameda Corridor (10/15/1986), Los Angeles – Northeast Valley (10/15/1986), Madera (3/3/1989), Pittsburg (1/11/1988), Porterville (10/15/1986), Sacramento – Florin/Perkins (4/5/1989). Sacramento – Northgate (10/15/1986), San Bernardino/Riverside-Agua Mansa (10/15/1986), San Diego – SE Barrio Logan-Metro (10/15/1986), San Jose (12/31/1986), West Sacramento (01/11/1988), and Yuba/Sutter (10/15/1986). EZs started in the 1990s are: Altadena/Pasadena (4/10/1992), Antelope Valley (2/1/1997), Coachella Valley (11/11/1991), Delano (12/17/1991), Kings County (6/22/1993), Lindsay (10/6/1995), Long Beach (1/8/1992), Merced/Atwater (12/17/1991), Oakland (9/28/1993), Oroville (11/6/1991). Redding/Anderson-Shasta Metro (11/6/1991), Richmond (3/2/1992), Sacramento – Army Depot (10/4/1994), San Diego – San Ysidro/Otay Mesa – South Bay (1/28/1992), San Francisco (5/28/1992), Santa Ana (6/8/1993), Shafter (10/4/1995), Siskiyou County – Shasta Valley (6/22/1993), Stockton (6/22/1993), and Watsonville (5/1/1997).

[5] To provide for a tight experimental design, only census tracts completely falling within an EZ were designated as EZ. Similarly, only census tracts next to EZs but having no parts falling within an EZ are designated as NEZ. Accordingly, census tracts partly within/outside of EZ borders were discarded from our analysis.

The bottom third of the chart shows poverty rate changes for EZs. As can be seen, no effects on poverty rates for EZ residents are evident for the 1980s. The 13.8 percent increase in poverty rates in the 1980s clearly indicates worsening economic conditions in EZs, far worse than the 4.4 percent increase for the rest of the State in this decade. In the 1990s, EZs changed dramatically: poverty rates dropped by 8.5 percent, much larger than the statewide decline of 1.6 percent.

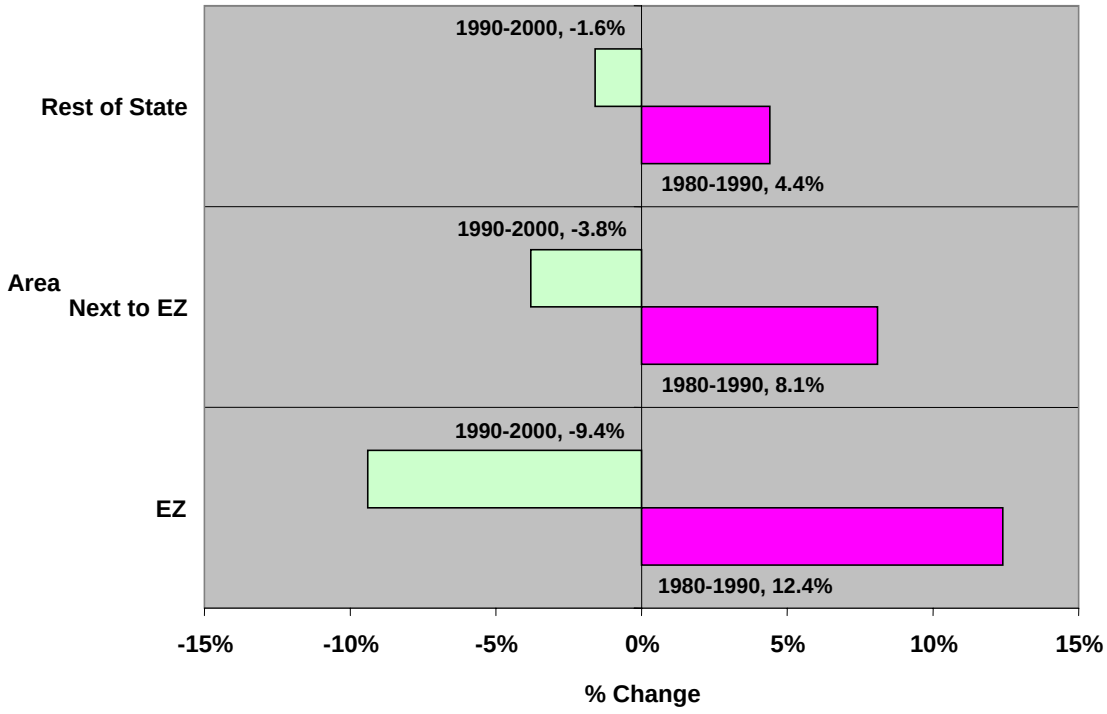
Figure 1a. Changes in Poverty Rates for EZs Established in the 1980s



Poverty Rates: EZs Established in 1990s

The next chart, Figure 1b, shows similar findings for EZs established in the 1990s. As can be seen, these EZs had much higher poverty rates before EZ designation. EZ poverty rates in the 1980s (before EZ designation) increased 12.4 percent, much higher than the 4.4 percent increase in the rest of the State in the 1980s. After EZ designation, the EZ areas showed a much larger drop in poverty rates than did their neighbors and areas in the rest of the State. After EZ designation, EZ poverty rates declined by 9.4 percent, which is a much larger decrease than the 3.8 percent drop in neighboring areas and the 1.6 percent drop statewide. Here, as well as for the rest of our analyses, examining EZs starting in the 1990s has the advantage of affording pre- and post-establishment data comparisons (i.e., 1980s versus 1990s).[6]

Figure 1b. Changes in Poverty Rates for EZs Established in the 1990s

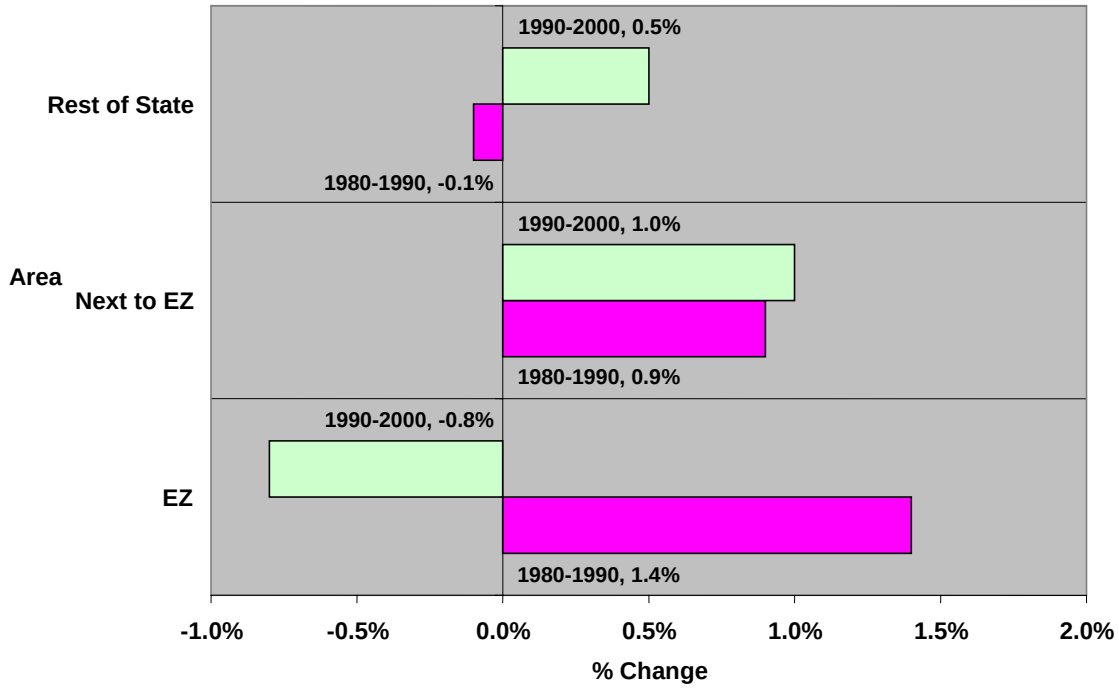


[6] Because 1970 census tract boundaries varied significantly from 1980 census tract boundaries, we did not use 1970s data to compare to 1980s data.

Unemployment Rates: EZs Established in 1980s

Figure 2a reports changes in unemployment for EZs established in the 1980s. Similar to poverty, there was little measurable effect of EZ policies during the 1980s. Those areas had significantly higher unemployment rates than did their neighbors and areas in the rest of the State. Unemployment rates increased 1.4 percent in EZs, whereas unemployment rates for the State actually declined by 0.1 percent. In the 1990s, this had reversed: while all other areas had increases in unemployment rates, EZs experienced a drop in unemployment rates. EZ unemployment rates decreased by 0.8 percent in the 1990s, whereas unemployment rates increased by 1 percent in neighboring areas and by 0.5 percent statewide.

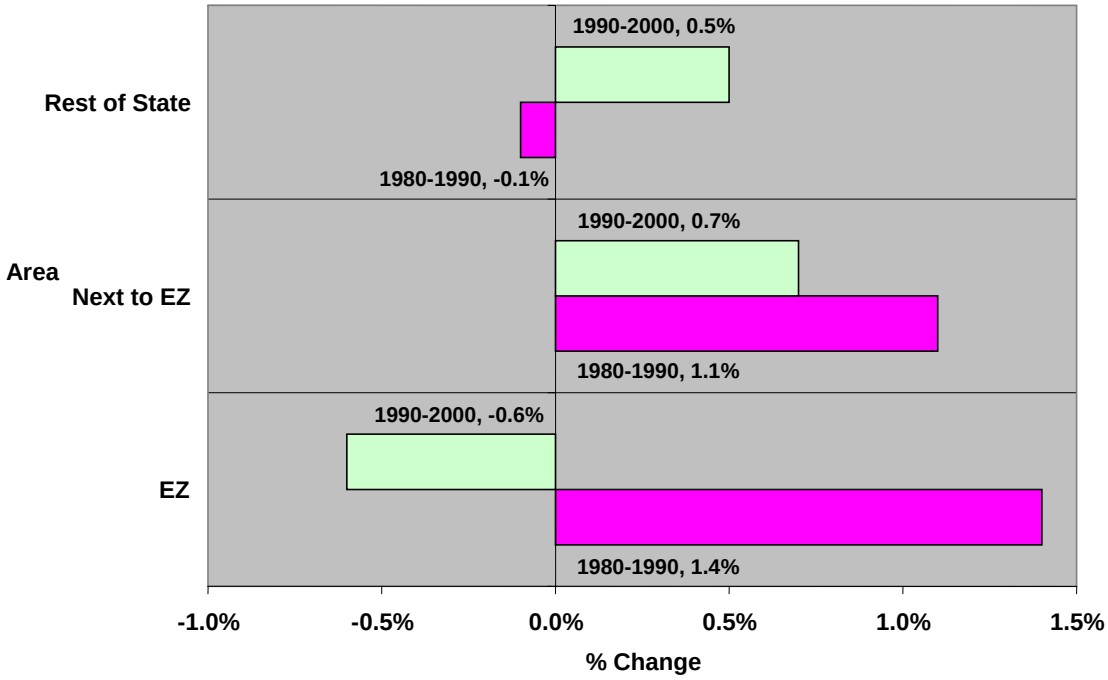
Figure 2a. Changes in Unemployment Rates for EZs Established in the 1980s



Unemployment Rates: EZs Established in the 1990s

Figure 2b reports unemployment rate changes for EZs established in the 1990s. Prior to EZ designation, EZ areas had higher increases in unemployment than any other region. EZs experienced a 1.4 percent increase in poverty rates in the 1980s (i.e., pre-designation), compared to a statewide decline of 0.1 percent in the 1980s. By 2000, this had reversed: while other areas had continued increases in unemployment rates, EZs actually reported a drop in rates. Post-designation, EZs experienced a 0.6 percent drop in unemployment, much better than the 0.7 percent increase in neighboring areas, and the 0.5 percent increase for other areas of the State.

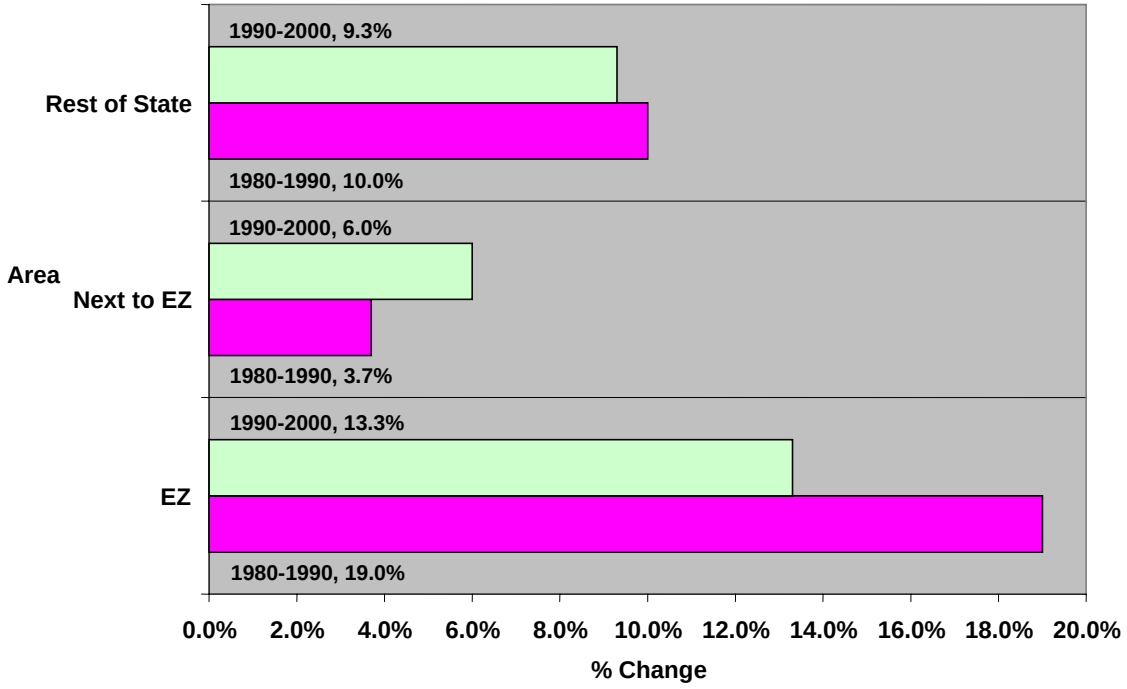
Figure 2b. Changes in Unemployment Rates for EZs Established in the 1990s



Household Income: EZs Established in 1980s

Figure 3a shows growth rates for median household income for EZs established in the 1980s[7]. Growth rates were higher for EZs in both decades, relative to neighboring areas, and to the rest of the State.[8] Across the 20 year period, EZ household income grew at an average rate of 16 percent, almost triple the growth rate of nearby areas, and almost double the rate for other areas of the State.

Figure 3a. Changes in Household Incomes for EZs Established in the 1980s



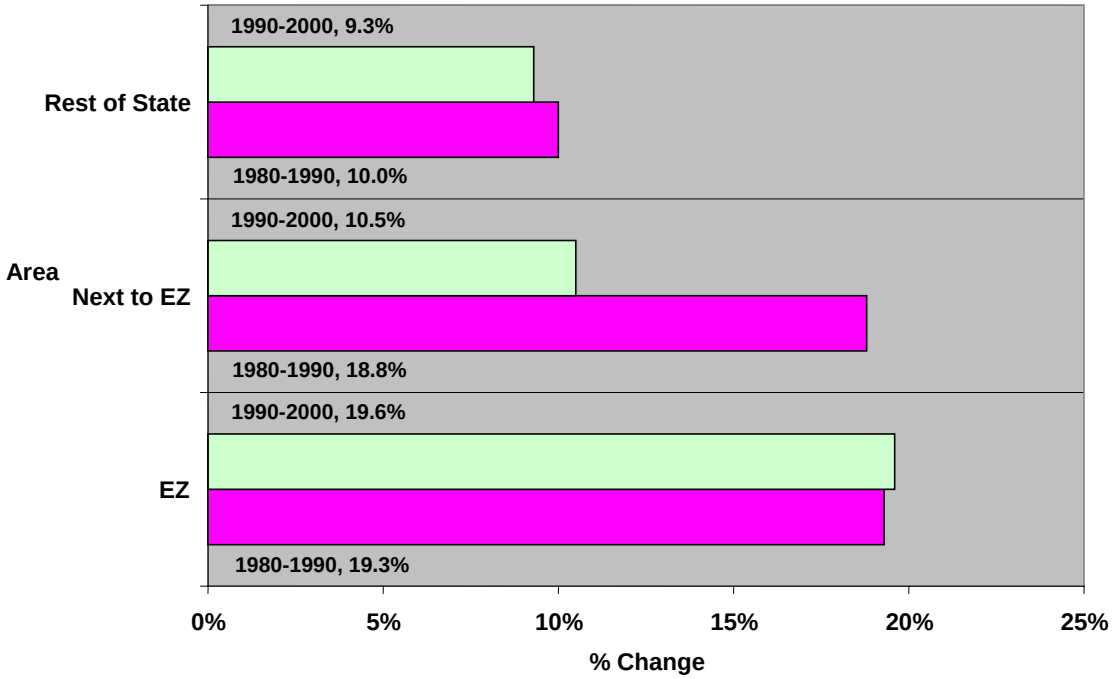
[7] All data in 2000 dollars

[8] Household income includes income from all sources, including salaries and wages, business income, and public assistance. To the extent that individuals chose to go off public assistance and become employed, household income should increase.

Household Income: EZs Established in 1990s

Figure 3b shows changes in household income for EZs established in the 1990s.[9] In the 1980s, both EZs (pre-establishment) and nearby areas' incomes grew faster than the rest of the State. In the 1990s, EZs (post establishment) continued to grow at a 19 percent pace, while nearby areas slowed to a 10 percent growth rate, and the rest of the State grew by only 9.3 percent.

Figure 3b. Changes in Household Income for EZs Established in the 1990s

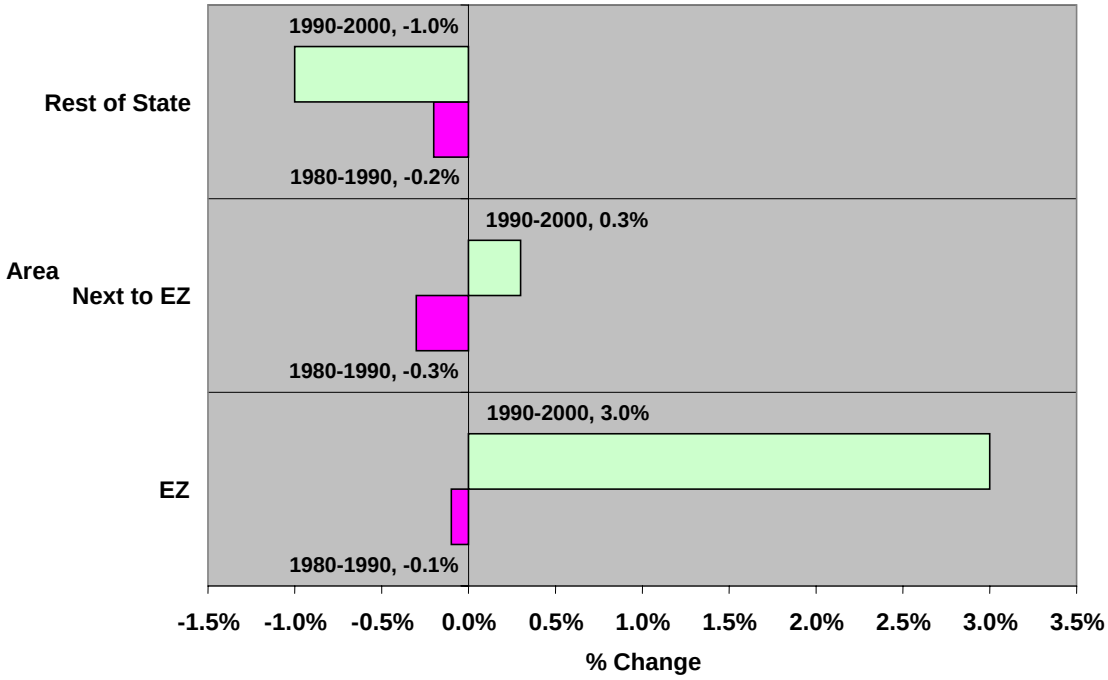


[9] All data in 2000 dollars.

Vacancy Rates: EZs Established in 1980s

Figure 4a shows vacancy rate changes for EZs established in the 1980s. Unlike other economic measures, this measure indicates no positive effect of EZ designation, in either decade. In the 1980s, all areas (including EZs) saw tiny decreases in vacancy rates. In the 1980s, EZs saw a 3 percent increase in vacancy rates, whereas nearby areas saw only a 0.3 percent increase, and the rest of the State saw a 1 percent decrease.

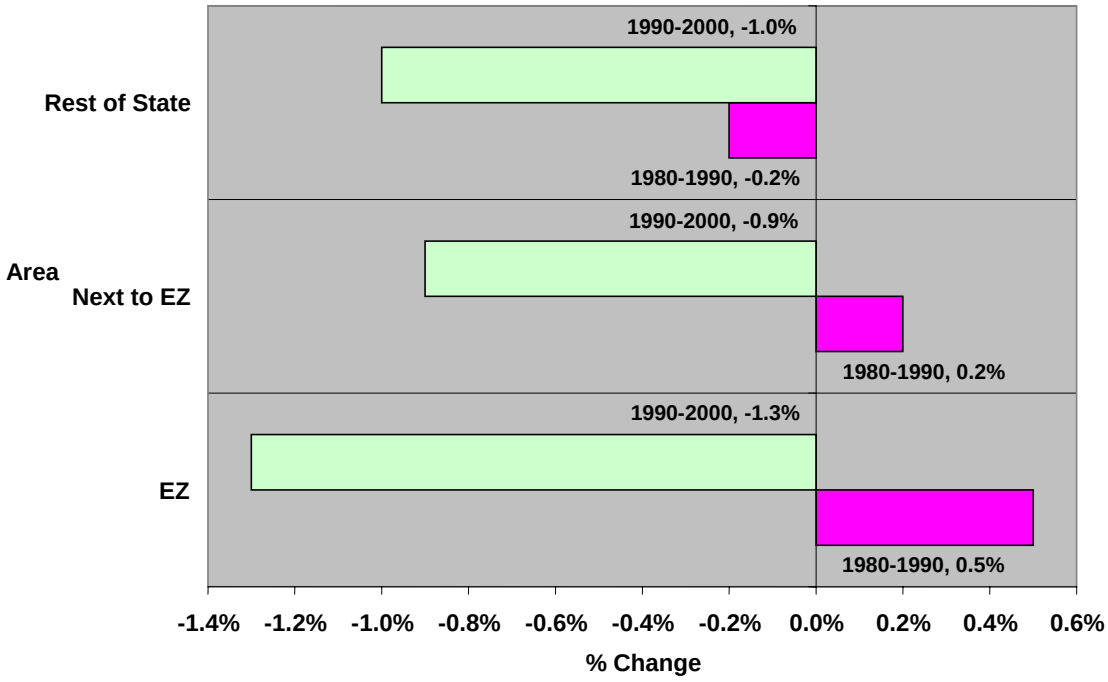
Figure 4a. Changes in Vacancy Rates for EZs Established in the 1980s



Vacancy Rates: EZs Established in 1990s

Figure 4b shows changes in vacancy rates for EZs established in the 1990s. Here, we see that EZs had the highest decrease in vacancy rates. In the 1980s (i.e., pre-designation) EZs had a .5 percent increase in vacancy rates, higher than the 0.2 percent increase in nearby areas and the 0.2 percent drop in the rest of the State. In the 1990s (post-designation), EZs saw a 1.3 percent decline in vacancy rates, better than the 0.9 percent drop in nearby areas, and the 1 percent drop in the rest of the State.

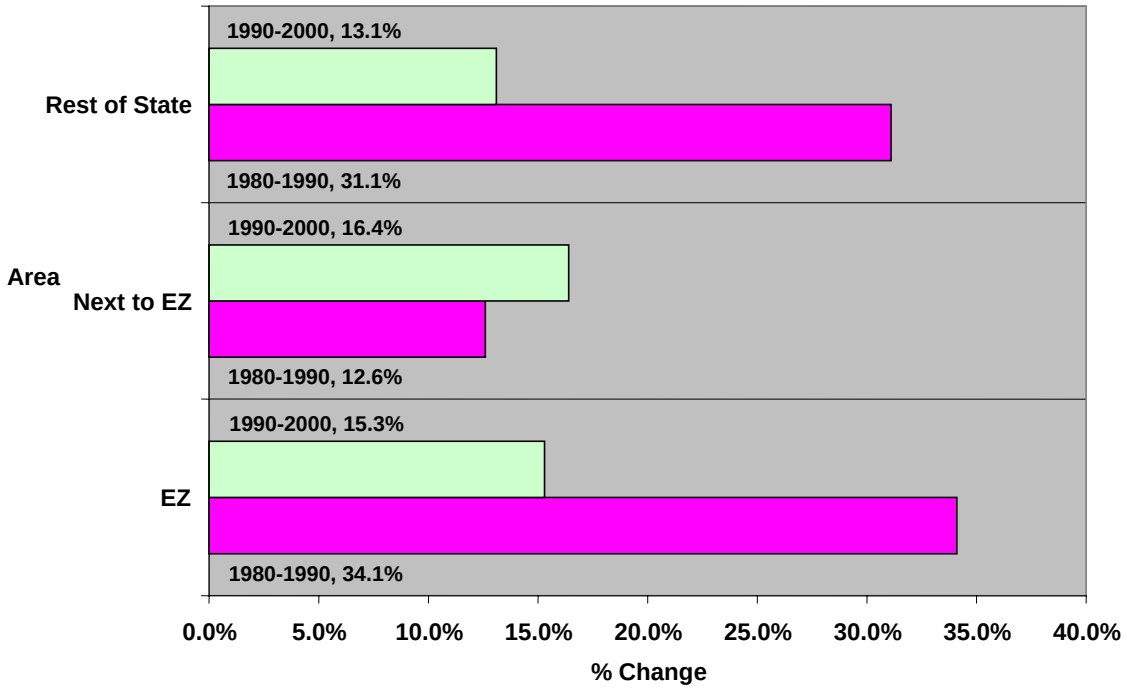
Figure 4b. Changes in Vacancy Rates for EZs Established in the 1990s



Median Rents: EZs Established in 1980s

Figure 5a reports changes in median rents for EZs established in the 1980s. Clearly, the 1980s were better than the 1990s in terms of growth rates for all parts of the State, and EZs had the largest growth rates. In the 1980s, EZs saw a 34.1 percent increase in median rents, higher than the statewide growth rate of 31.1 percent, and much higher than the 12.6 percent growth rates in nearby areas. In the 1990s, EZ median rents grew at a 15.3 percent rate, higher than the 13 percent statewide growth rate, but slightly lower than the 16.4 percent growth rate in nearby areas.

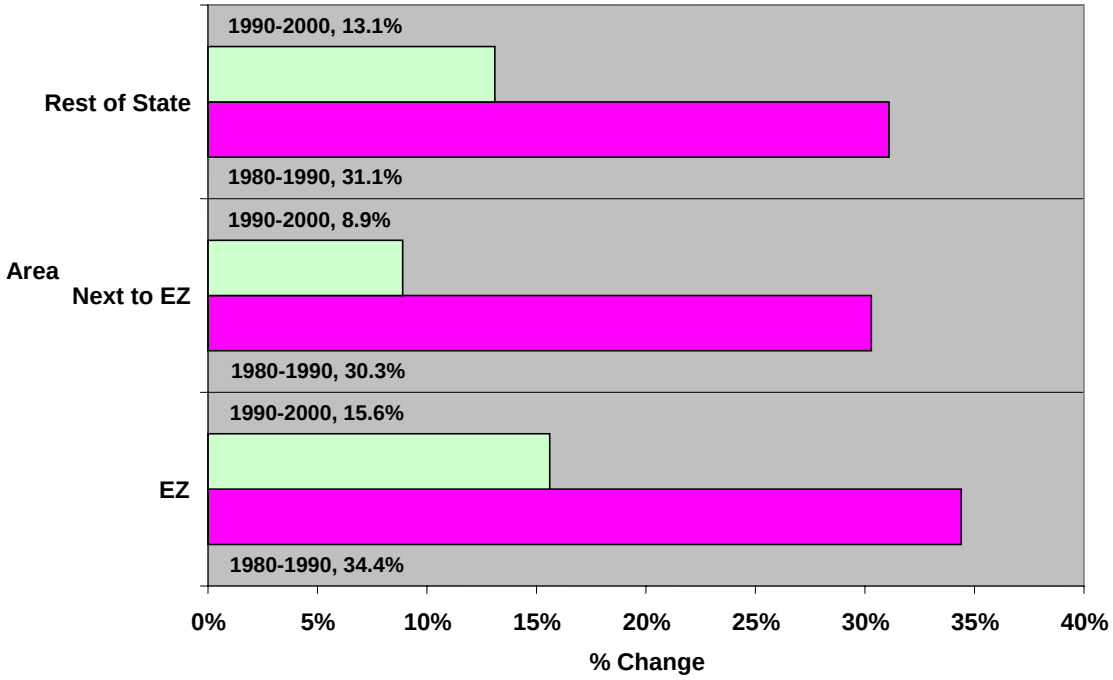
Figure 5a. Changes in Median Rents for EZs Established in the 1980s



Median Rents: EZs Established in 1990s

Figure 5b shows median rent growth rates for EZs established in the 1990s.[10] Again, growth rates were higher for all areas in the 1980s than in the 1990s. EZs showed the highest growth rates for both decades. Pre-designation, EZs showed 30 percent-plus growth rates, similar to nearby areas and to the rest of the State. In the 1990s (post designation), the EZ growth rate of 15.6 percent exceeded the 13.1 percent rate for the rest of the State, and the 8.9 percent rate for nearby areas.

Figure 5b. Changes in Median Rent for EZs Established in the 1990s

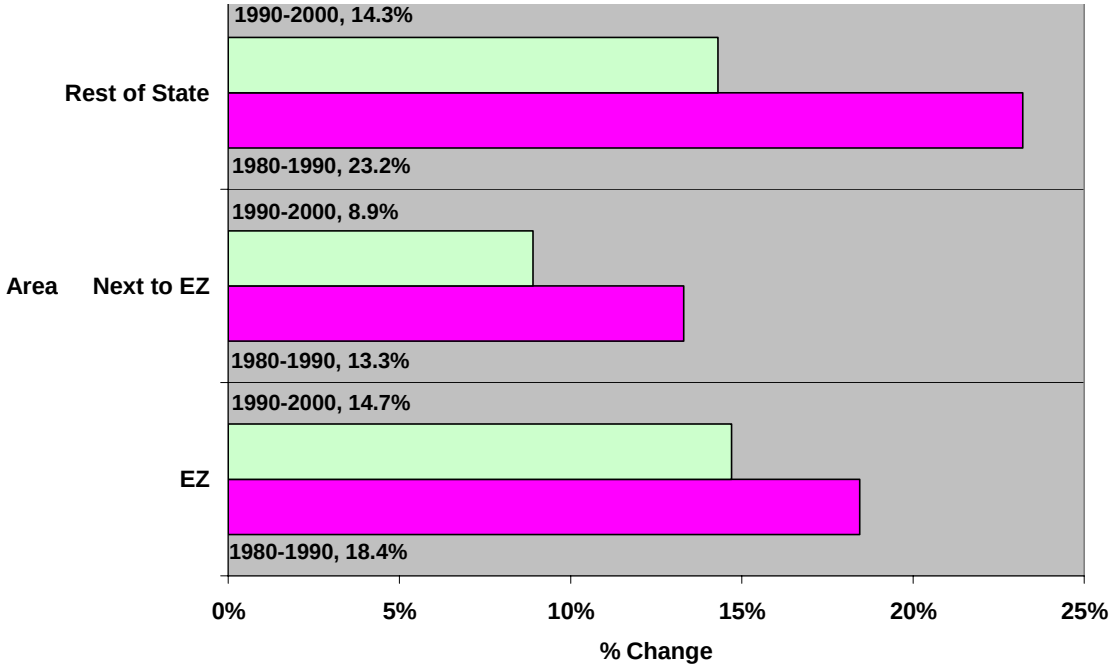


[10] All data in 2000 dollars.

Wage and Salary Income: EZs Established in 1980s

The advantage of examining household income is that it contains income from sole proprietorships, and can thus capture economic growth for self-employed individuals. Unfortunately, household income also contains public assistance, so any growth in household income might be in part attributable to residents receiving more public assistance. A variable, which obviates this problem, is wage and salary income, noting however that it does not capture sole proprietorship income. Figure 6a shows wage and salary income for EZs established in the 1980s. In the 1980s, EZs showed an 18.4 percent increase in wage and salary income, lower than the 23.2 percent increase for the rest of the State. In the 1990s, EZs showed a 14.7 percent increase in wage and salary income, about the same as the rest of the State but higher than nearby areas.

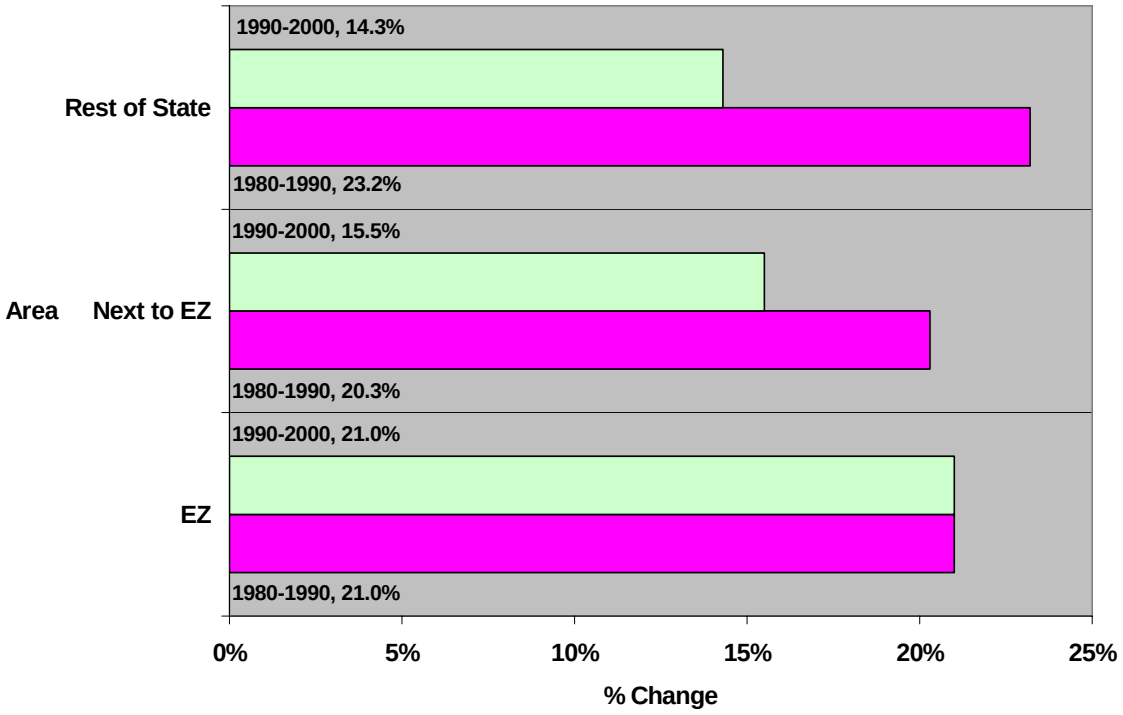
Figure 6a. Changes in Wage & Salary Income for EZs Established in the 1980's



Wage and Salary Income: EZs Established in 1990s

Figure 6b shows wage and salary income for EZs established in the 1990s. In the 1980s, EZ areas showed about the same growth rates as nearby areas, and slightly lower growth rates than the rest of the State. In contrast to EZs established in the 1980s, 1990s EZs actually had higher growth rates in the 1990s than the rest of the State and higher growth rates than nearby areas.

Figure 6b. Changes in Wage & Salary Income for EZs Established in the 1990's



BY-EZ Results

See Appendix III for a zone-by-zone analysis of unemployment, poverty rates, wage and salary income, vacancy rates, and rents. Costs (in terms of credits), percent-of-credit issued for targeted groups, and jobs created are also shown for each EZ. The results show a wide variation across EZs, with some EZs showing far less economic recovery than other EZs.

Service 2: Determine the impact of the lender net interest deduction incentive available to lenders within the zones on community and economic revitalization. Compare the amount of private sector lending per EZ to private sector lending in similar non-EZ areas.

Findings:

Here, economic theory suggests that this tax benefit increases the return to lenders on such loans, which (ceteris paribus) encourages such loans. One empirical test of this prediction would be to examine the relative amount of loans made to EZ businesses "before" versus "after" EZ designation. If the incentive is effective, this proportion should increase over time as well as versus loans made to otherwise identical areas in nearby EZs. Ideally, we would obtain specific bank data from banks themselves, perhaps in conjunction with their officers in charge of Community Redevelopment Act (CRA) compliance. In theory, the low- and moderate-borrowers qualified under CRA would be correlated with EZ residency. However, discussions with CRA officers indicated skepticism over a high correlation. More importantly, bankers would not release any data (even in the aggregate form) on CRA loans by census tract. Accordingly, we did not request bank information.

On the other hand, we do have estimates of the costs of the lender interest deduction to California. For 2003, FTB reports aggregate lender interest deductions taken by corporations as approximately $311 million. Assuming the top California bank tax rate of 10.84 percent, the result is an annual cost to the State of approximately $33.7 million.

II. Attract Business Into the State and Help Retain and Expand Business and Industry

Service 1: Determine the impact of EZ incentives on business attraction from outside California, and business retention and expansion within California.

Findings:

Ideally, we would secure new business formation data (Articles of Incorporation, Articles of Organization, etc) from the Secretary of State which will show the number of new businesses, where they are located (from which we will determine whether they are in an EZ or not), and any data indicating whether they are owned by out-of-state investors/firms. Alternatively, information on the aggregate number of taxpaying businesses by location, from either the FTB or the State Board of Equalization (SBE) could be used. Unfortunately, none of this data was available from the State.

Accordingly, we utilized data from surveys sent to all EZ participants[11]. Of 5681 surveys sent, 496 were received (an 8.7 percent response rate), which indicated the following.

As to business attraction from outside the State:

For Firms Which Had Relocated, Percent of Firms in EZs Which Had Relocated From:

Out of State	A Non-EZ Area in California	An EZ Area in California
4.5	60.3	35.2

As to businesses that were at brand new locations (not a relocation), the survey found headquarter operations were based:

Headquarter Locations of New EZ Businesses

Out of State	CA (non-EZ)	CA (in EZ)
13.9%	27.8%	58.4%

[11] The limitations of survey methodology are well-known, including potentially inaccurate and/or incomplete responses, potential response bias (i.e., certain types of firms may be more likely to respond than others), etc. Note that 5 percent (or lower) response rates are typical for non-compensated respondees.

As to business retention through EZs, the survey found:

Percent of Firms, Which After Becoming Aware of EZ Program:

Located in EZ	Expanded Operations in EZ	Decided not to Move Out of EZ
11.28	20.49	21.26

From the survey data, respondents reported an average job increase due to the EZ Program of 34.2 jobs over the past 5 years. On average, respondents reported $6.7 million investment in plant and equipment solely as a result of the EZ Program.

III. Increase Job Opportunities for Californians

Service 1: Determine the effectiveness of providing jobs to qualified employee populations through EZ hiring credits. Determine the overall job creation and retention in the zones, the public cost, and public benefit.

Findings:

- Job Creation

  One estimate of the employment impact of EZs can be found in the tables of our Technical Analysis. Here, we see that for EZs established in the 1980s, 1990 employment rates increased 0.8 percent more than that of the State. Similarly, EZs established in the 1990s saw a 0.6 percent higher increase in employment than the rest of the State.[12]

  From the survey data, respondents reported an average job increase due to the EZ Program of 34.2 jobs over the past 5 years. Assuming these numbers are representative, and expanding to the rest (i.e., non-responding EZ Program participant firms) yields 194,290 jobs created over the last five years, or 38,859 new jobs per year. On average, respondents reported $6.7 million investment in plant and equipment as a result of the EZ Program. Assuming this as a representative number, and expanding to the rest of EZ participating firms, yields a five-year total investment due to the EZ Program of $38.1 billion.

  Another estimate of employment impacts can be found by examining HCD data on vouchering. Vouchers are issued only with respect to the first year of employment, and only to individuals meeting certain requirements. HCD statistics show the following for 2003 and 2004 for vouchers issued in the year of hire (i.e., new employment)[13]:

Year	Vouchers Issued
2003	44,721
2004	56,481

[12] An advantage of examining *net* change in employment is that it excludes simple churning of employees. Assume the worst case — that employers simply substitute EZ eligible employees for non-eligible ones, resulting in no new net employment. The fact that the Census data shows a net employment gain (or a drop in overall unemployment) shows that the substation effect is clearly not the case.

[13] We exclude vouchers issued retroactively, which could not affect new employment decisions in the same year.

A third source for estimating employment impact can be found from FTB data.[14] For 2003, FTB reports that there were 24,885 credits claimed for new employees[15]. Because this estimate is for bank and corporate returns only (i.e., it does not include flow-through entity and individual tax returns), it is likely understated.

- Costs and Benefits

  In terms of the costs of the program with respect to hiring credits, FTB reported total hiring credits in 2003 of approximately $300 million. To the extent that new employees stop collecting government assistance, and that public assistance exceeded tax credits per employee, the hiring credits would appear to pay for themselves. Such could be the case for many new jobs created by the EZ Program. For 2003, over 20,000 of the vouchered employees qualified based on having collected some sort of public monies[16]; in 2004, the number increased to over 25,000.

  A critical figure is then the cost per new job created. To estimate the true tax cost of any one vouchered employee, one must know how many years the employee worked for the employer, since the credit is given over a five-year span. For example, if an employer terminates a new employee after a year of service then hires another EZ-eligible employee for one year, and continues this "churning" of employees, the credit cost could be as high as $10,000 per year, which is the maximum first-year credit. At the other extreme, if an employer hires a new employee for less than a full year, terminates the employee, and does not hire a replacement, the cumulative credit associated with that new job would be less than $10,000 in total. Because neither HCD nor FTB collect such length-of-service data, a reliable estimate of tax cost per employee is problematic.

  An alternative estimate of tax cost per employee could be made using a combination of HCD and FTB data. For 2003, FTB reports a total of $300 million of credits utilized. Dividing this figure by the 44,721 jobs created gives an average cost per job of $6,708. However, there are three problems with this estimate, each relating to the total tax costs. First, credits claimed include credits carried forward from previous years, which inflate the costs associated with current year hires. Second, this figure does not include future credits associated with the new hire. Finally, it does not include credits generated in 2003 which cannot be used due to taxable income or apportionment issues. For example, FTB reports that accumulated deferred credits exceed $600 million. An estimate of how many of these credits will be realized is problematic without a reliable way to estimate when firms will transit into a tax-paying status. In summary, whether the inflating effect of prior year carryforwards or the deflating effect of future credit dominates is unknown, making this method of estimating costs per job unreliable.

[14] Letter dated 9/23/05 to HCD by Statistics Division of FTB.
[15] ibid.
[16] The qualifying criteria include collecting on welfare, TANF, SSI, Food Stamps, and unemployment insurance.

Benefits can also be estimated from the number of new jobs created (see above methodology discussion), and by changes in household income. For EZs created in the 1980s, household income increased by 13.3 percent (in real dollars) in the 1990s, and EZs created in the 1990s saw 19.6 percent growth in household income. Both are dramatically higher than the state average (for non-EZ areas) of 9.3 percent growth. It is important to note that such *direct* welfare effects may understate *overall welfare effects* (including externalities, multiplier effects, etc.) due to limitations on extant data.

Service 2: Evaluate the effect of vouchering for prior years on program costs and benefits. Determine if retroactive vouchering resulted in community reinvestment in job creation development.

Findings:

From the surveys, we find that retroactive (across all past years) vouchering is common: 45.8 percent of respondents reported that they had retroactively vouchered at one time or another.

Data provided to us from HCD indicated the following:

Year	Number of Retroactive Vouchers Issued	Number of New Employee Vouchers Issued
2003	12,750	44,721
2004	19,032	56,481

While there is no direct cost estimate for retroactive vouchering estimation is possible. In 2003, FTB calculated that EZ hiring credits amounted to $178 million. If we multiply that figure by the percent of vouchers obtained retroactively to total vouchers issued, we get an estimated cost for 2003 retroactive vouchering of approximately $66.6 million.[17]

In terms of benefits, clearly a firm's initial retro-vouchering is due to the firm becoming aware of hiring credits after the fact, so that the credit could not have influenced the original hiring decision. However, once a firm becomes aware of the benefits, ongoing hiring/retention decisions may be influenced by whether certain types of employees are eligible for credits. While ascertaining this cannot be done with archival data, firms can be *asked* whether their subsequent hiring decisions were influenced by the EZ (TEA) Program.

[17] $178 million*(12,750/(12,750+44,721))

Our survey respondents were asked the following: once they became aware of the EZ Program, how often did the hiring credit influence their *hiring* decisions? On a 1 ("Never") to 5 ("Always") Likert scale, the mean response was 2.63, which most closely corresponds to "Occasionally". Similarly, respondents reported that the credit influenced their *retention* decisions between "Occasionally" and "Rarely" on average.

Concluding Remarks and Other Observations

Our analysis indicates that the EZ Program creates jobs, decreases poverty, increases household incomes, decreases vacancy rates, and increases rents for EZ areas. These results were stronger for EZs established in the 1990s, than for EZs established in the 1980s. Analyses of individual EZs showed widely-varying effectiveness in terms of job creation, income growth, and tax costs of jobs created. New jobs associated with EZ hiring credits may be in excess of 56,000 for 2004.

We also document the costs of the program. A definitive costs-benefit analysis cannot be done, however, because of limitations of the tax-cost data. Beyond the cost-data limitations, there are three other limitations on estimating benefits. First, there are general equilibrium (or spillover) effects to other areas, and to the general tax base. Second, we cannot know whether any increase in well — being came at the cost of decreased well-being in other California areas. Third, benefits from job creation can be more accurately determined by examining EDD data matching people entering the workforce as a result of the EZ Program. This requires cross-matching, by social security number, of new hires with HCD voucher data with EDD employment records.

Surveys sent to EZ-participating firms indicated that firms found the Program useful, and based their hiring/retention decisions in part on hiring credits. Fifty-three percent of the respondents indicated that the EZ Program affected their expansion and location decisions, and in general they were very supportive of the Program.

We have a final observation on operational efficiency. HCD data indicates many vouchers processed outside of firms' EZ districts, or cross-vouchering. We commented previously that this creates difficulty in accurately measuring employment impacts for each EZ since we cannot determine where the related jobs were created. Additionally, cross-vouchering seems inefficient in terms of spreading workload and speeding of mail time. An even more puzzling observation is that in 2003 the vast majority of such cross-voucherings was done in the Oakland EZ, but this switched to the Richmond EZ in 2004[18]. To obviate this, we recommend that a centralized data collection system be established which is used by every EZ when vouchering employees.

[18] In 2003 Oakland processed 54,065 cross-vouchers, which was 98 percent of all cross-vouchers for the State. This number is almost as large as the 57,471 non-cross-vouchers (for new hires, and retroactive vouchering combined) for the entire State in 2003. Similarly, in 2004 Richmond processed 7,028 cross-vouchers, which was 65 percent of all cross-vouchers for the State, and 9 percent as much as the non-cross-vouchers for the entire State. *Source: HDC EZ Annual Report, 2004.*

References

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California Franchise Tax Board, Sep. 25 2005. Memo on statistics relating to various tax incentives on the EZ Program; sent to Mark Maldonado at HCD (received by TTR and NMS January 18, 2006).

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Appendix I

Company Survey Instrument

The following questionnaire was sent to every EZ coordinator in California, who then forwarded them to every firm who had participated in the EZ Program in their EZ. The questionnaire was intended to elicit information that was otherwise unobtainable from publicly-available data. The questionnaire was anonymous, and was returned via self-addressed envelops to NMS. NMS then keyed in responses, which were then tabulated by TTR. Of approximately 5,681 surveys sent out between December 1 and December 7, 496 were returned. Subsequent statistical analysis revealed no systematic response bias in terms of EZ region, size of firm, or other characteristics.

Enterprise Zone Questionnaire

1. Has your company ever retroactively vouchered employees in order to obtain EZ tax benefits?

   □ Yes □ No □ Don't know

2. After you became aware of the EZ Program, to what extent did the hiring credit influence your *hiring* decisions?

   □ Never □ Rarely □ Occasionally □ Often □ Always

3. After you became aware of the EZ Program, to what extent did the hiring credit influence your *retention* decisions?

   □ Never □ Rarely □ Occasionally □ Often □ Always

4. After you became aware of the EZ Program, how did it influence your investment decisions (check each that applies):

   □ We located a facility in an EZ
   □ We expanded our operations in the EZ
   □ We decided not to move out of the EZ
   □ None of the above

5. If your current business location resulted from a relocation, did you relocate from:

   - ☐ An out of State location
   - ☐ A California location in an EZ
   - ☐ A California location not in an EZ
   - ☐ N/A or none of the above

6. If your current business is in a brand new location (that is, it is not the result of a relocation) where are the principal investors or parent company?

   - ☐ An out of state location
   - ☐ A California location in an EZ
   - ☐ A California location not in an EZ
   - ☐ N/A or none of the above

7. If your business has either hired or retained employees based on whether they would be qualified for EZ credits, please indicate the number of such EZ-eligible employees hired or retained over the last five years: _____

8. If your business either moved to or expanded in an EZ area as a result of EZ benefits, please list the total value of property, plant, and equipment in this EZ area over the last five years: _____

Comments: please write below any comments which you would like to share with us about the California Enterprise Zone Program:

Summary of Survey Results

1. Has your company ever retroactively vouchered employees in order to obtain EZ tax benefits?

Yes	45.02%
No	39.11%
Don't know	15.87%

2. After you became aware of the EZ Program, to what extent did the hiring credit influence your hiring decisions?

Never	34.58%
Rarely	12.52%
Occasionally	20.37%
Often	24.86%
Always	7.66%

3. After you became aware of the EZ Program, to what extent did the hiring credit influence your retention decisions?

Never	44.47%
Rarely	17.07%
Occasionally	16.32%
Often	14.45%
Always	7.69%

4. After you became aware of the EZ Program, how did it influence your investment decisions?

We located a facility in an EZ	10.75%
We expanded our operations in the EZ	20.82%
We decided not to move out of the EZ	21.16%
None of the above	47.27%

5. If your current business location resulted from a relocation, did your relocate from?

An out of State location	1.19%
A California location not in an EZ	14.03%
A California location in an EZ	8.89%
N/A or none of the above	75.89%

6. If your current business is in a brand new location (i.e., it is not the result of relocation), where are the principal investors or parent company?

An out of State location	2.63%
A California location not in an EZ	5.06%
A California location in an EZ	11.54%
N/A or none of the above	80.77%

7. If your business has either hired or retained employees based on whether they would be qualified for EZ credits, please indicate the number of such EZ-eligible employees hired or retained over the last five years.

34.21 (mean response for those responding)

8. If your business either moved to or expanded in an EZ area as a result of EZ benefits, please list the total value of property, plant, and equipment in this EZ area over the last five years.

$6,705,078 (mean response for those responding)

Respondents' Comments

- While the tax benefits have assisted both my business & some of my employees retain/reinvent a bit more of our income, I would prefer that ALL businesses and ALL my employees could realize tax relief. The EZ designation of the area my business is in had no effect on my decision to locate here. The tax relief is welcome, but not a driving factor.
- This is a huge incentive program for small business owners like myself. It is the only tax hiring credit that we have been eligible for & I honestly believe that it has helped us in keeping our doors open for business during our slow times. Please Keep it! Thank you.
- When our accountant made us aware of the EZ program we reviewed our current hires to determine if any were eligible.
- Very nice program for small business owners. Keep it going!
- Keep this program. California businesses need help! I wish you would also reinstate the Manufacturers Investment Credit. If we build another plant we will try our best to choose an EZ.
- It is a great program that has allowed us to take tax credits on numerous employees. We would like for the program to continue.
- Employers get very little assistance from the government. It would be a shame if we lost the benefits of the Enterprise Zone.
- The Enterprise Zone hiring credit is the number one reason we are in business in Long Beach. We have had options to move and expand into Orange County, but we decided to stay in Long Beach due to the Enterprise Zone.
- The Agua Mansa Zone will sunset in Oct'06. We would like to see the zone extended or re-newed.
- EZ has not influenced our business.
- We are recently exposed to the EZ program - are currently applying for a tax credit for an employee hired in 2001.
- Great Program! It has definitely made our expansion and investment plans possible and probably would not have otherwise been considered.
- The EZ helps a lot in us making decisions to update our equipment and hire more employees to expand. We are currently looking to build a new building and increase our size from 7,000 sq.ft. to 20,000 sq.ft. We're hoping the EZ will be there to help us!
- At first we were apprehensive about moving into this blighted area. Now after 3 years, we are actually opening up a new facility in a Riverside EZ due to our great results in the east San Fernando Valley.
- Business increase has allowed hiring of 2 new full time employees. This program has been very beneficial to our business. While striving to maintain a high caliber of employee, I have been able to get new employees from our local area and hiring credits at the same time. I have purposely used these savings to help expand my equipment and services offered - a win, win situation. I currently employ 7 out of 10 people from our local Shasta Metro Zone.
- This program is of benefit to the people living in the enterprise zone. It gives them a much better chance of improving their employment or getting a job. Without this program, many would have difficulty finding employment.

- We desperately need to keep it!
- Is this program still going on? I feel that employers in E2 should be updated on the status of the program. Thanks.
- Our Location is at EZ zone only 2-3 months. Too new to answer most of this questionnaire.
- This program is very important in the areas where there is a lack of incentive for developers and businesses to expand or locate. These incentives were key factors involved in both expanding my business, starting a new second location and developing real estate within the borders of the Enterprise Zone. All of the above creates a strong tax base for these communities and brings new jobs. One development currently under construction will bring 50-70 new permanent jobs to Boyle Heights.
- This program is great for this community because it promotes local hiring and discourages re-location of business to outside the EZ area. Thank you!
- The rules seem intimidating to most companies -- they therefore contract with companies to file the papers as % of tax credits. Most CPA's do not even know about this program. You should ask if tax credits done in-house -- curious what the % would be.
- Please simplify process/application.
- It has been a wonderful benefit and compensates for having our business located in a marginal neighborhood.
- It is a worthwhile benefit to help maintain viable businesses in the area. It should be continued.
- We are a long-time Long Beach manufacturer. We are currently applying for ETZ credits with some success in identifying employees who will generate credits. We are utilizing the services of our CPA (tax preparer) for this effort. We are looking back 3 years (or whatever the approved window is). It appears we will receive a substantial tax credit.
- Program very helpful to our creating jobs in the area.
- Without the California Enterprise Zone Program, we would have relocated our business to a new location. One that likely would have been out of state.
- EZ program is incidental to company decision.
- Because of zone credits expiring in 2006 we are currently seeking to expand into other locations. In all probability we may relocate within the next 3-5 year.
- Keep it, please!
- We need to make dealing with licensing agencies: fire dept, planning dept, etc easier and faster to deal with in enterprise zone.
- If we had known this was an ez and what that meant to us, we would have been very interested in buying our building. It was an "after the fact" surprise, but one which has really helped us with our moving expenses, etc. The seller of this building should have informed us about this. It definitely helped us with our build-out and purchase of new equipment. We would have chosen this site quicker if we had known. Also, the electric bill reduction should be coming any day, and I really look forward to getting it. Thanks.
- It is an excellent program, which excels and encourages business in the area.
- Being in the Mid Alameda Enterprise Zone has helped our company tremendously. We have hired many employees as a result of being in this zone

(over 150 employees in the last year), and the tax benefit we have received has helped us tremendously to be more competitive. If it was not for these benefits, we would have either moved our business out of state (i.e. Texas) or oversees as it's much cheaper to do business there than California. I hope companies like us are always able to take advantage of these benefits - because without them, it would make it very difficult to stay in business. For this, I would like to thank the State of California for introducing such a zone/benefit. Because of these benefits, we are looking to expand our operation (from our current 25,000 sq feet warehouse to 45,000 sq feet) but will only locate in a State Enterprise Zone. There are many warehouses available in a non-enterprise zone, but we are not looking at them - that's how important it for us to be in this zone even though I wish there were more warehouses available in these zones.

- The program is critical to helping offset the increasing cost of doing business in California and Los Angeles. With rising healthcare, workers comp, and other related energy increases, this credit is very much needed to help maintain our presence and for it to make sense to do business in CA.
- As a business owner this program helps us a lot. With this incentive, we are inspired to stay working in downtown Los Angeles, and also to continue hiring people who live within the area.
- EZ program is a very good idea to a business owner. This program is supposed to be included in c-corp business also. Restricting only to sole-proprietor and s-corporation business makes it very difficult to decide to invest in this area.
- Just moved into the EZ area.
- I would like more info on the benefits for equipment organizations as far as being in the E.Z.
- Qualifying employees is difficult. A standard list of acceptable documentation should be developed.
- Great Program!
- We are about to relocate again (2006) and we will definitely stay within the Enterprise Zone. Thanks.
- The program has been a small help to our company, but would be more helpful if we were in the Federal program (tried - but didn't get employee signed in time.) as Federal taxes are much larger burden for us. Our manufacturing distribution business can be volatile & we're unable to use our credits for a few years due to not realizing a profit.
- Thank you!
- It is our understanding that EZ program is ending in our area in October 2006. We would like to see state extend the EZ program in our area for future years. That would help our company to continue to stay in this area and hire EZ qualified employees.
- Great to have this program available.
- Great Program!
- Don't know what EZ program is.

- Until we retained the service of an EZ specialist, the programs were unused and too much of a hassle to manage. We will get some benefits finally but are paying 15% of the total to the specialist. There is very little information given to users of the EZ benefits an actually trying to get the benefits is ridiculously difficult. The way it is now is poorly planned, poorly communicated, and mismanaged to the point of being nearly worthless unless an outsider gets paid to be an expediter.
- It is a great program and should be expanded to more of these areas.
- We really appreciate the compensation afforded to us as an incentive to hiring employees that are in the area or underprivileged.
- Very good for our companies.
- Although we do not hire based on Enterprise Zone, the majority of our employees do qualify. This credit is important to us because it helps us sustain and reinvest in our business.
- I have witnessed substantial amounts of EZ credit issued to companies in Calexico -- I have not seen one business owner/recipient do other than pocket the money for personal benefit. I can see no benefit to the community from this credit. My company's hiring and firing practices are based upon the quality of the help applying. None of our 10-12 people hired in 3 years qualified for the credit.
- Without the program I would not start a business here!
- I have 4 relatives that moved into LA area only they know the total $ incentives that they can get by being in the zone and hiring employees in the surrounding area. Before they are reluctant to move to LA and considered Vernon (as you know, Downtown LA's not the safest area). So, please keep the EZ after 10/16/06. It attracts a lot of new business comers.
- A real incentive to hire people who live in the zone. We decided to keep our warehouse here instead of move to San Luis Obispo after learning the benefits of the program.
- I am not aware of "EZ" tax benefits
- I sure hope this program continues. We started the company 5 years ago, and it has enabled us to grow rapidly and hire a number of employees in the local area.
- We find retro-active, cross jurisdictional vouchering to be extremely important in maintaining our business in the EZ.
- This program has enabled me to service more lower-income people, who really need medical attention. It has also helped me build a better quality business so that I can better serve (quicker, more accurate medical diagnoses) my clients. Furthermore, I have been able to hire staff who need training because I can more easily afford the time and money it takes to train.
- This is the only state tax incentive that can help me substantially in reducing my tax liability. I believe this is a tax program that will be beneficial to both the business owner and the employees. Please extend the expiration date so I can benefit more from this program.
- Program has helped maintain good work force from local neighborhoods.
- The EZ program has helped to reduce our overall taxes. Being we are a small family run S Corporation any bit of tax savings really help. It has also been helpful with new equipment purchases with the sales tax being deductible for the state. We were able to purchase a very expensive piece of equipment in 2004 which will help our company expand our business in Anderson and possibly hire more

employees. As far as the EZ program influences our hiring decisions: If I have two possible employees that are fairly equal in qualifications, I would obviously hire the employee who was eligible for EZ hiring credits. I don't only hire EZ eligible employees. Bottom line is I need good employees whether they are eligible for the business credit or not.

- Please inform about your program and how we may benefit.
- Due to the complexities of the vouchering process, we find it extremely beneficial to voucher retroactively. On a daily basis we are occupied with the needs of our business. So we devote the period just before tax season to address the difficult process of preparing our tax credits, thus taking advantage of all the qualified employees, including those who may have been terminated. In addition, as we learn more about the technical ins and outs of this complex program, we sometimes discover an employee that qualifies who has already been terminated.
- We are a bank, so lending in the EZ has benefited us greatly. You are missing questions regarding this.
- The EZ is a good benefit for our business and very important as workers comp. and everything else is so expensive. It's hard to be profitable in LA, but this EZ helps us to profit and grow which makes more jobs.
- Allows us to maintain a profitable business venture in a depressed area where otherwise we would be forced to move.
- Excellent program for our area. Hope to see the government extend program.
- The program has been a significant benefit. When we decided to relocate (and expand) we looked for a new location in the EZ and found one!
- It is a good tax program for employers and definitely encourages expansion or growth within the enterprise zone.
- Although we have not had the Enterprise Zone affect our decisions in the past, we have, upon professional survey, determined that some of our employees do qualify. We have additional vacant land and have considered expansion, possibly into light manufacturing, which could be greatly enhanced by the EZs continued existence.
- Present owners purchased a business (and employees) located in an Enterprise Zone. Availability of EZ hiring credits was a factor in our decision to purchase the company.
- I like the EZ program a lot. We are very glad that we are taking advantage of this program. It is a great incentive for business owners and a great way to improve and hire locally where they need help to improve a depressed city locally.
- We support EZ program because it will stimulate the prosperity of the neighborhood. Eventually it will benefit to both local employee and business owner(s).
- Wasn't aware that the EZ program existed. How can I get detailed info?
- This project means a lot especially to small businesses in the enterprise zone area. It helps the owner of the business and helps the people in the community as well by having available jobs for them.
- This program has no effect on our business decisions. Tax dollars would be better spent elsewhere.
- I can't believe you would ask questions 2 & 3!

- We operate business in the EZ that have approx. 240 employees. Assuming a 10% average turnover, 360 employees would have been paid over the last 5 years approx. 1/2 of 180 would be EZ. We are currently exploring growth opportunities in other states.
- Because of tax credits we were able to retain all our employees despite of decreased sales in 2002, 2003, and 2004.
- Program is difficult to find useful information about. I am not really sure there are any real benefits for the small business owners.
- This has been a tremendous benefit to our company. Although it did not directly influence expansion, it did allow us to improve our current facility through the machinery credits as well as allowed us to provide benefit programs that we might not otherwise have implemented for our employees. It also allowed us to keep some level of competitiveness in a state plagued by a regulatory climate that at times hinders competitiveness with other states.
- The program, by helping our bottom line, has helped us compete against the chain store competition and will help again into the future.
- I wish it were simpler to file for the credits. An outside company is charging us to process the credits fro us.
- As a lender of industrial buildings in both the EZ Zone and a county redevelopment area, my experience is that every time I try to make a prospective lendee aware of the possible benefits of locating in the zone, the uniform repose of my small business owner clients is, "Oh no, I don't need any more contact with the government." This has not happened once or twice, but so often that we no longer even mention the zones anymore."
- Very valuable program to entirely new businesses. There are more auto dealers coming to the I-10 auto mall which is primarily due to the EZ.
- The EZ program is valuable to our firm!
- Helps the community, our employees, and keeps us here in the USA.
- An effective program.
- We now utilize an employee leasing company, and I've been told we can no longer use the employee vouchers. The leasing company will get the credits.
- Great program!
- I have not specifically hired or retained any employee to gain EZ benefits. The fact that our business is able to get this benefit for qualified employees is a plus given that our location is in a tough section of town. In addition, it is a plus for the employee to be able to get a tax break.
- My savings and tax benefits have been a joke. For the hundreds of thousands I pay in payroll the benefit is insignificant.
- This program helps small business remain competitive and able to focus its financial resources away from employees to new equipment and training.
- It's a great program especially for small businesses like I have. It's an incentive to expand in this area knowing this program exists. Thank you.

- The EZ program has been a big success for us. We are soon expanding to 27,000 sq. ft. (we now have 8000 sq. ft.) Nearly 100 employees have benefited from the EZ and much of our expansion plans derive from the EZ. In our small rural area this support can help us to compete in a modern, professional manner.
- Nice program.
- Strongly supports the California Enterprise Zone program and would like to see the program extended.
- I think it is a great program and appreciate the benefits to our company. We love our location and have no plans to relocate. Thank you.
- Excellent program.
- Excellent program & incentives for businesses.
- The program has benefited employment and capital investment in the EZ.
- This has been a valuable and important program. A few qualifying individuals have now been with us for 4+ years, and promoted to management.
- This program was not known to many employers. A lot of employers would miss the opportunity of taking the benefits of such a program.
- Please give me a map showing the entire E.Z. Thanks!
- My CPA charges me so much for filing, that I reap no benefits.
- The EZ program is ineffective because it is so limited.
- We love it!
- Incentives from EZ Program helped us to stay competitive with competing businesses from lower cast states (with lower wages, building and infrastructure costs).
- Send additional hires.
- Great Program - keep it growing.
- Great program. Please continue
- Not aware of what any of this is or means.
- I'm not totally informed about the program. I would like more info.
- This is a great program and it helps a lot of businesses financially.
- We have had the opportunity to offer our employees medical benefits due to the EZ tax credits we received in '04! Thanks!
- Great incentive to keep doing business in Enterprise Zone. However, it is getting more difficult to get vouchers processed by the city - lack of qualified help from the city.
- Make easier to self apply and administer
- When we went looking in 2000 for a new and larger facility, the Enterprise Zone was the major factor in locating where we have moved. In 2004 we were again looking to expand. We found what was the perfect location, but when we found we would not be in the EZ, we elected not to move location until the right location was found in the EZ.
- I hire qualified employees and if they end up qualifying for EZ credits - that's great. I only recently became aware of this program. It definitely helped our business this year because of the retro-active credits.
- While undoubtedly necessary, paperwork is enormous. This is difficult to process in a small company with out full-time HR staff.

- Great program for the community and business. Nice to see the State of California actually doing something to keep businesses in California.
- No longer at Enterprise Zone
- Used consultant to get benefits!
- We think the California EZ program is beneficial to our company and the local community. We hire people for well paying jobs (at least 3 times minimum wage) with good benefits and health care for all employees and their families. The credits we receive from the EZ program help us to be more competitive in a market with small profit margins and give these employees more stable employment. This money has a trickle effect to the area also as our employees use local establishments for shopping and eating.
- Another great benefit of being in the EZ area in Stockton was having our permitting and licensing expatiated.
- We are not aware of the EZ eligibility until we have hired the employee and are completing the I-9 form.
- We hire employees based on the interview process and retain the employees that perform the best.
- I have not found the EZ to be of any value to our business.
- Great program. I plan to continue to take advantage of it. It has proven very helpful and beneficial to both us and the employees.
- It was instrumental in getting our company to locate in an area where we would not have done so otherwise. In effect, I knew the area was crime prone, run down, and generally lacked the infrastructure (grocery stores, parks, street lights, etc.) that my employees would view as necessary. However, calculating the tax savings, I decided to forgo these factors and hire people close to my new facility. Overall, the decision has proven to be beneficial to both myself and the 18-20 new (local) employees that I've hired from within the local area.
- It takes too long to process. We have waited 8 months to do our taxes.
- This program helped us start our business! We couldn't get a SBC ("small business loan") but this helped us get started with the credits. Thank you!
- We have never used the EZ as a means or reason to hire or discharge or terminate personnel.
- Very happy with the incentives. Saved lots of money!
- Great program, unfortunately potential workers in the enterprise zone don't realize potential business in the enterprise zone are looking for good workers to replace. We are unionized, therefore, worker must come from Union hall not living in the enterprise area!!!!
- Good program, definitely encourages us to stay.
- Unaware of the program – instead of spending money on the survey, you might let people know about the program.
- Great program!
- The process could be a lot easier!
- The EZ program is a step in the right direction. The problem is that for a small business, we need a tax incentive on the front end of the process and not the tail end. Meaning, in order to get benefit for EZ, you need to be making money. For a business that is starting out, it is very hard since, come to find out, you get taxed left and right by the city of San Francisco and there's no incentive to have a

business in the city and there's no money left to expand. As a matter of fact, given the conditions, we're contemplating closing the business because it is hard to make any money under the current conditions.

- This is a very successful program for our company. We hire and train a great number of entry level employees.
- We hope the EZ program will be continued.
- This is a great program because it lowers my cost of labor. This allows me to hire more.
- I think this program is great. It is a very good incentive for employers. I just received this survey in the mail today 12/19/05. Thank you.
- Suspension of the credit would have a negative impact on the future expansion and/or location expenses.
- EZ is a great program for everyone. My only compliant is that it's complicated in many respects and a lot of accountants don't want to administer it. To take full advantage of EZ benefits I am having to become an expert myself.
- Our company has been located within the EZ for 12 years. The rewards have been financially beneficial to our organization.
- It is very difficult to find qualified people to hire who reside within the enterprise zone.
- Good program.
- It's a shame the City of San Diego is charging for vouchering services.
- We stopped using this program because the two employees that we hired under this program did not work for us. One employee went on workers comp and the other went on disability. We feel these individuals were working the system. They ended up costing us more than regular employees.
- It has helped our business to grow and keep our employees employed. It gives us opportunity to upgrade machines and benefits for employees raises.
- The program has been a key incentive to remain in this location and continued investment.
- We look for business' located in the EZ. This may be the only positive benefit the state gives small business owners. We have been extremely unhappy trying to survive with our small business'. We are currently searching out of state locations.
- We do not know about the Enterprise Zone. It would be great to get information about the zone.
- We were made aware of the E.Z. area by one of our customers who has taken advantage of tax credits for several years. We find the process to be easy and fair. This process gives us a reason to stay in this area. We could and probably should move if it wasn't for the tax credits. We are a family owned business and get offers to move out of state often.
- It is a great program that helps small groups like us.
- The paperwork to receive the enterprise zone credit for hiring employees is too time consuming to make it worth the effort for a small business.
- I think there should be a set % the companies that perform the work are allowed to charge. I heard ranges from 5%-%25! I also believe that they (processors) should not be paid until the business is paid.
- I am not aware of the specifics of the EZ.

- Our area greatly needs this program to continue its growth and development.
- Great program.
- More trouble than it is worth.
- What can be done to extend the E.Z.?
- The EZ does not affect any business decision for our company. We employ 130 people. We make our employment decision based on the merits of each person.
- I appreciate the credits.
- This is a great program that benefits the employees in the Enterprise Zone but more importantly provides great advantages for qualified employees.

Appendix II

Technical Paper:

An Analysis of California Enterprise Zones

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The following paper provides a literature review, details the data and methodology, and analyses results for EZs between 1980 and 2000.

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Introduction

Many enterprise zones emerged during the early 1980s to encourage economic growth in areas which lag behind State expectations. These policies, attempted to revive depressed urban areas by targeting tax breaks and other business incentives to specific geographic areas.[21] Although job creation is usually the explicit goal of these policies, policy makers often hope that the tax breaks aimed at encouraging businesses to relocate to (or to avoid leaving) these depressed areas would raise property values and expand the tax base. Various incentives are given for firms to locate to, or increase investment in such areas. The most prevalent incentives given are tax credits (on firms' State income tax returns) for increased hiring, increased investment in property and equipment, or as a percent of overall taxes.[22] Driven by the objective to create jobs, the majority of the states have labor-related tax credits. Other states have tax credits for both labor and capital, and three states have credits based on total taxes paid.

California offers four incentives. The first is a hiring credit, which is given to a company for up to 5 years, with a maximum hiring credit of $31,700 per qualified employee. The second incentive is an income tax credit for sales/use taxes paid on certain types of equipment. The credit is for purchases of manufacturing, telecommunications, and computing equipment. The third incentive is a longer than usual carryover of net operating losses (NOLs) for firms located in an EZ. Finally, if a lender makes a loan to a business which is an EZ, the net interest received is not subject to taxation.

Whether or not the EZ programs are successful in stimulating economic activity is a controversial issue. Supporters of EZ programs often claim that they have been very successful. A number of studies who have examined the effectiveness of EZs by surveying businesses or EZ coordinators in few states have reached positive conclusions.[23] However, the results of the few empirical papers in the academic literature based on available data on this subject have been mixed. Papke (1994) uses precise micro data, as well as census tract data to examine Indiana's EZs in the 1980s and concludes that while there has been an increase in inventory investment and a reduction in unemployment claims the economic well being of zone residents had not shown noticeable improvement. Bondonio and Engberg (1999) examine EZs in five states in 1980s. Their findings indicate no significant impact of EZ programs on local employment.

[21] Exceptions are Arkansas, Georgia, Kansas, North Carolina, and South Carolina where the entire state is an EZ. Counties in these two states are given EZ status in proportion to lack of economic activity.
[22] Other incentives include property tax abatements, sales/use tax exclusions, workforce training grants, and others. These benefits are less common, and are often given as a result of special negotiations. Accordingly they are not discussed further in this paper.
[23] U.S. Department of Housing and Urban Development 1986, Erickson and Friedman 1990a, 1990b.

Engberg and Greenbaum (1999) examine the impact of EZs on urban housing markets in Florida, Pennsylvania, and Virginia. Their results indicate that the zone programs did not raise property values and have been unsuccessful at raising employment or income in distressed areas.

There have been several problems in assessing the impact of EZ programs on economic activity. First, there have been significant problems with gathering data on zones' exact location. In general EZs do not share boundaries with common geographic entities such as census tracts, zip codes, municipalities or counties. However, most studies analyze the impact of EZs at the US Postal zip code or county level.[24] Such analyses have difficulty capturing the impact of zone policies on the official boundaries of the zone since the area immediately surrounding the zone is also included in their analysis. Second, progress in this literature has been hampered by the difficulty of distinguishing the effects of EZ policies from the effects of other EZ characteristics that are unrelated to policy. By definition these areas perform very poorly along many economic indicators. Thus simply examining the performance of these zones along some economic indicators may be misleading. In order to overcome these problems, papers have often attempted to identify non-zone areas that are similar in certain characteristics to zone areas. It is also hard to distinguish the effects of EZ policies from the effects of zone characteristics that have nothing to do with EZ policies. For example, Jones and Manson (1982) argue that as transportation costs decline and the ease of transport becomes greater, economic activities and residences will become more dispersed within metropolitan regions. EZ policies seem to focus on reversing this trend by aiming at increasing economic activity in these designated centers. If the general tendency is for economic activity to flow away from the urban centers, the EZ zones may display dismal economic performance whether or not those policies are "effective". Thus it is particularly difficult to identify if EZ policies play a positive role in the economic activity of these designated zones.

In this paper we examine the impact of California EZ policies for EZs that were established between 1980 and 1999, at the census tract level that allows us to be fairly precise about the exact area that makes up an EZ and its surrounding communities in all the states that have EZ programs.[25] We use a fresh approach a-la-Holmes (1998) that considers what happens to economic activity when one crosses the EZ border. Our data allows us to examine the economic conditions of census tracts within an EZ and those right next to an EZ. If EZ policies simply generate a movement from areas next to EZs to EZs we would be able to capture that. In addition, we use data from 1980, 1990 and 2000 which allows us to observe

[24] For example, Boarnet and Bogart (1996) use data at municipality level, Engberg and Greenbaum (1999), Bondonio and Engberg (1999) use data at the zip code level. The discrepancy between the areas described by zip codes and an area designated as an EZ can be seen from Figure 3 in the Appendix.

[25] Census tracts are statistical areas defined by the Census Bureau. In heavily populated areas a census tract is smaller than a city and usually smaller than a zip code. For example, there are over 300 zip codes in the San Francisco Bay Area, and over 1,400 census tracts.

the characteristics of EZs before and after they have been designated as EZs. Overall, the purpose of this paper is to establish facts governing the impact of EZ programs within the enterprise zone, and its surrounding communities. These facts may play a role in developing theories that may shed light on the desirability of such programs.

Data and the Model

- Characteristics of EZs

  Our data, based on 2000 Census Tract definitions, consists of census tracts that belong in a California EZ from 1980 through 2000.[26] Because EZ locations are typically not publicly disclosed (e.g., website information on locations) our research involved communications with individual EZ coordinators. The data we requested were anything enabling the geocoding of EZ locations. Depending on the EZ, the data set included census tract or block group data, but we also received major street boundaries and hard copies of maps. We translated all such data into census tracts or block groups through GIS technology. EZ boundaries often do not align exactly with census tract boundaries. So we created 1/2 mile "buffer zones" of census tracts which fully or partly included EZs. Next, we created a database of all census tracts bordering all EZ census tracts, and of all other census tracts in the U.S. The purpose of creating data for these last two groups of census tracts will be discussed in the next section.

  After EZ boundaries were digitized, every 2000 census tract, nationally, was coded as to whether it fell entirely within an EZ, partially within an EZ, or bordering an EZ. We then matched this database of EZ block groups to Bureau of Census data for 1980, 1990, and 2000. The census data contains detailed demographic information down to the census tract level. Technical details of this process are reported in the Appendix. To get a closer look at the data, we pick one EZ and depict it, as well as its surrounding areas. Figure 2 shows a portion of the South Central Los Angeles EZ in California where EZs are designated based on block groups. As can be seen, the zone is irregularly shaped, typical of most zones. The shape is based on economic development for individual block groups. Accordingly EZ block groups can easily be next to non-EZ census tracts due to differences in development. This variation allows for a rich data set including the census tracts adjacent to the zone. Each of these adjacent areas also becomes a part of our data set.

[26] Census tracts are designed to be relatively homogeneous units with respect to population characteristics, economic status and living conditions at the time of establishment. They average about 4000 inhabitants. Some EZs are based on Census block groups. In such cases our data for the EZs and its surrounding areas consist of block groups. A block group is the smallest geographic unit for which the Census Bureau tabulates sample data. It consists of all the blocks within a census tract with the same beginning number.

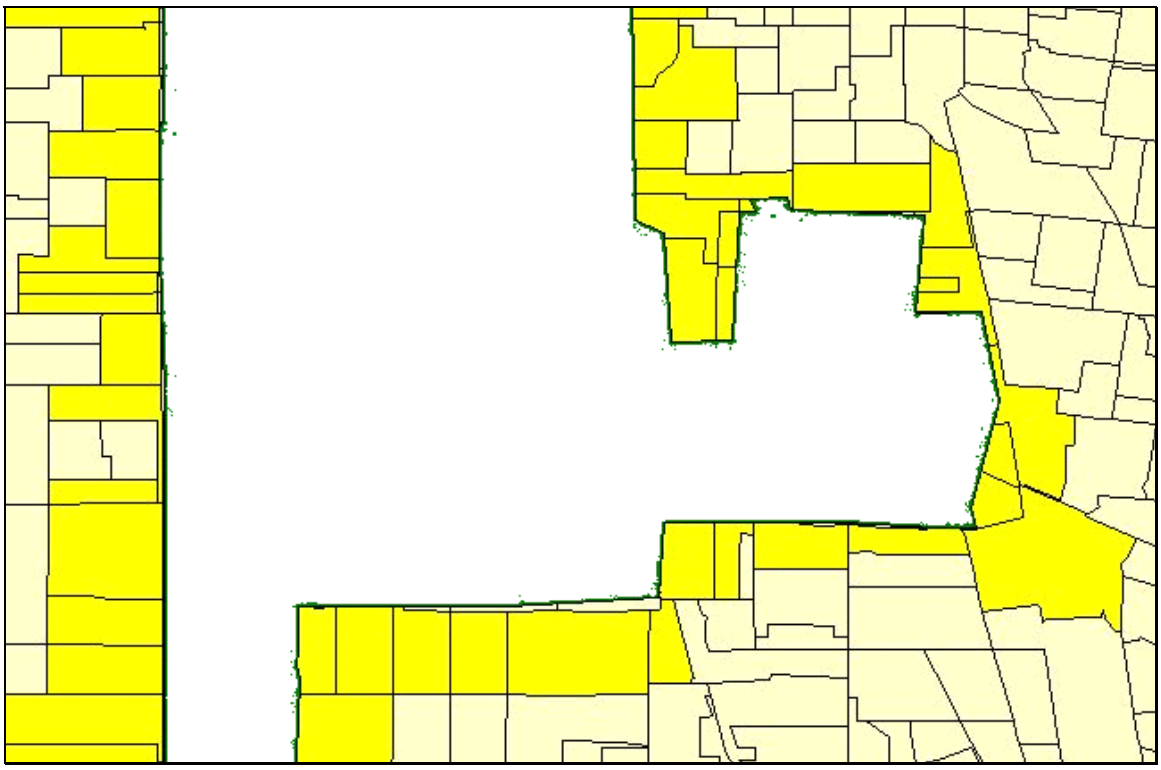


Figure 2: South Central Los Angeles EZ and Surrounding Blocks

- Theoretical Background

  One of the complications that is present in examining the effect of zone designation is due to the non-random assignment of zone designation. Since comparing growth in zone versus non-zone areas does not control for prior differences between these areas, some of the earlier research has focused on controlling for prior differences by conditioning on the propensity score which is the estimated probability of zone designation as a function of many area characteristics observed prior to the time of designation.[27] However, in general it is difficult to distinguish the effects of zone policies from the effects of zone characteristics that have nothing to do with zone policies. For example, EZ areas are often located in urban centers which may be experiencing lower growth due to urban flight. EZ policies that are aimed at trying to reverse this trend may look unsuccessful in an absolute sense but may be relatively successful for those particular locations. In order to resolve this identification problem we use an approach a-la-Holmes (1998) and examine the impact of EZ policies at the EZ border. Holmes (1998) examines whether pro-business policies pursued by some states attract manufacturing to those states by considering what happens to manufacturing activity when one crosses the state borders. This approach circumvents the identification problem that makes it difficult to distinguish the effects of State policies from the effects of other State characteristics that are unrelated to policy. His findings indicate that manufacturing activity increases

[27] See for example, Engberg and Greenbaum (1999).

abruptly when one crosses the border from an anti-business state to a pro-business state giving rise to sharp differences in growth rates of employment at the borders at which policy change. His theoretical setup is quite useful. We will adapt parts of his set up as they may be applied to our framework.

Imagine the economy as a line segment where locations are indexed by y [-1,1]. There are two city blocks that differ from each other with respect to tax policies faced by firms operating in those blocks. Let the area of the EZ be indexed by y [-1,0] where y=0 is the boundary between a block that is in an EZ area and a block that is not. The locations with y>0 are in the city blocks outside an EZ. At each location there is a set of entrepreneurs who are initially uniformly spread out through the economy. An entrepreneur who is initially located at a point y chooses whether to set up an establishment in that location or not. It is also possible for some entrepreneurs to set up an establishment in a new location. Let q denote the productivity of an entrepreneur. Initially we will assume q to be uniformly distributed across different locations. The competitive wage w is constant across locations and workers may or may not be mobile across locations depending on the eligibility requirements of the EZ Program.

If an establishment locates in an EZ area, profits of the entrepreneur will equal productivity q minus the wage paid to the employee minus any moving costs that may be incurred. If they locate in the blocks outside an EZ area, they will have to pay an additional cost c that will represent higher taxes that will have to be paid in that area. Unlike the analysis in Holmes (1998) we assume that there are no additional moving costs within an EZ zone, since many EZ areas are surrounded by city blocks around them that are not designated as EZs. Thus, we will assume that the cost of moving from y to y' is t.(y-(-1)), that is t dollars per unit of the distance moved into an EZ area regardless of the exact location within the EZ. Consequently, entrepreneurs who are initially located closer to the EZ border will face smaller costs of moving to an EZ than those who are initially located further away from the border. We will assume that some entrepreneurs will have the option of moving to an alternate location.[28] In this set up, we can calculate the critical distance y* such that the cost of moving to an EZ exactly equals the higher cost of doing business in the non-EZ zone. It would not be worth for entrepreneurs at locations y>y* to relocate to the EZ.

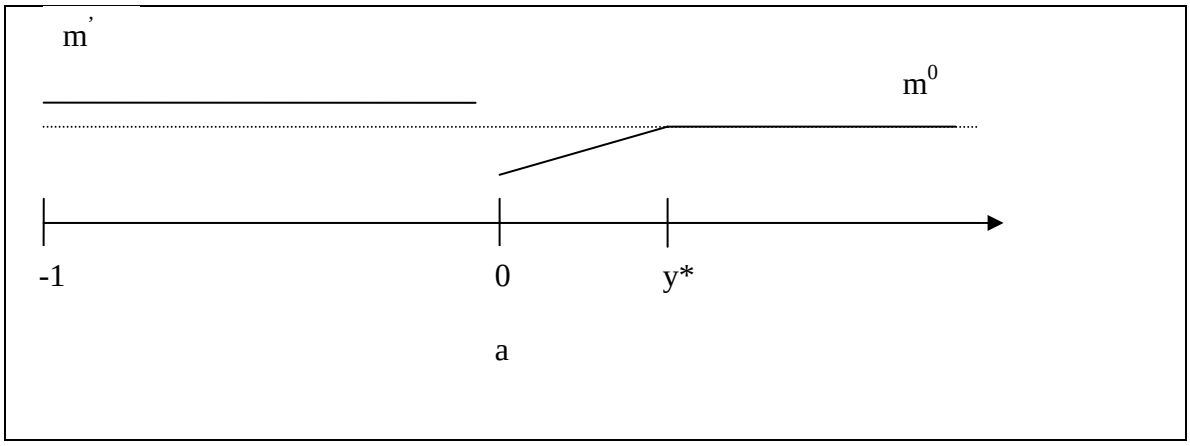
Let M(y) be the measure of establishments located in a given y. This measure is equal to the measure of entrepreneurs who are initially located at y and those who move to y. Initially suppose that there are no EZ programs and all locations pursue the same tax policies and assume that the location of an establishment coincides with the residence of the entrepreneur. Given our assumption about the uniform distribution of entrepreneurs, the number of establishments in each location will be identical and given by the dashed line m in Figure 3. Now suppose the area y [-1,0] gets designated as an enterprise zone. In this zone, the measure of entrepreneurs who are in business increases to m′ since the productivity threshold above which they would conduct business is now w instead

[28] This formulation implies that an entrepreneur may not have the option of moving to y=0 to minimize moving costs.

of w+c. In addition, some entrepreneurs will move from the non-EZ zone contributing to the higher m′. Notice that in the non-EZ zone, the number of establishments show a discrete decrease at the border and this effect fizzles out and disappears at y*. As one moves further away from the EZ area, the pool of entrepreneurs who are willing to pay the moving costs shrinks and it is not worth paying the moving costs for entrepreneurs who were initially located beyond y*.

Depending on the size of the moving costs, and the tax benefits offered by an EZ Program, we can imagine several different possibilities. Panel b in Figure 3, displays the case where moving costs are zero and the tax benefits offered by the EZ zone are very small. In this case, all the increase in the number of establishments in the EZ zone is simply due to the reallocation of entrepreneurs from non-EZ to EZ zones.[29]

These graphs illustrate several points. First, clearly it is very important to identify the exact location of an EZ and its bordering areas in order to examine the effectiveness of EZ programs. Suppose, the data consists of areas identified by zip codes and that while the area y [-1,0] gets designated as an EZ, the entire y [-1,y*] belongs to one zip code. Clearly, the effect of the EZ Program will be hard to assess correctly. Second, we can observe that it will be impossible to draw welfare conclusions from this analysis. It is fairly hard to assess if EZ designation stimulates new activity, or causes relocation of business from non-EZ zones to the EZ zone. As far as EZ policies are concerned both of these examples may be defined as success since redistribution within a state may be one of the goals of an EZ program, however, it will be impossible to make welfare conclusions based on these findings.[30]



[29] Moving costs between census tracts in big rural states may be more significant. However, EZs are less prevalent in such states.

[30] Often a goal of an EZ program is to give individuals employment opportunities that may enhance their future marketability. There may also be efficiency gains if reductions in unemployment produce positive externalities.

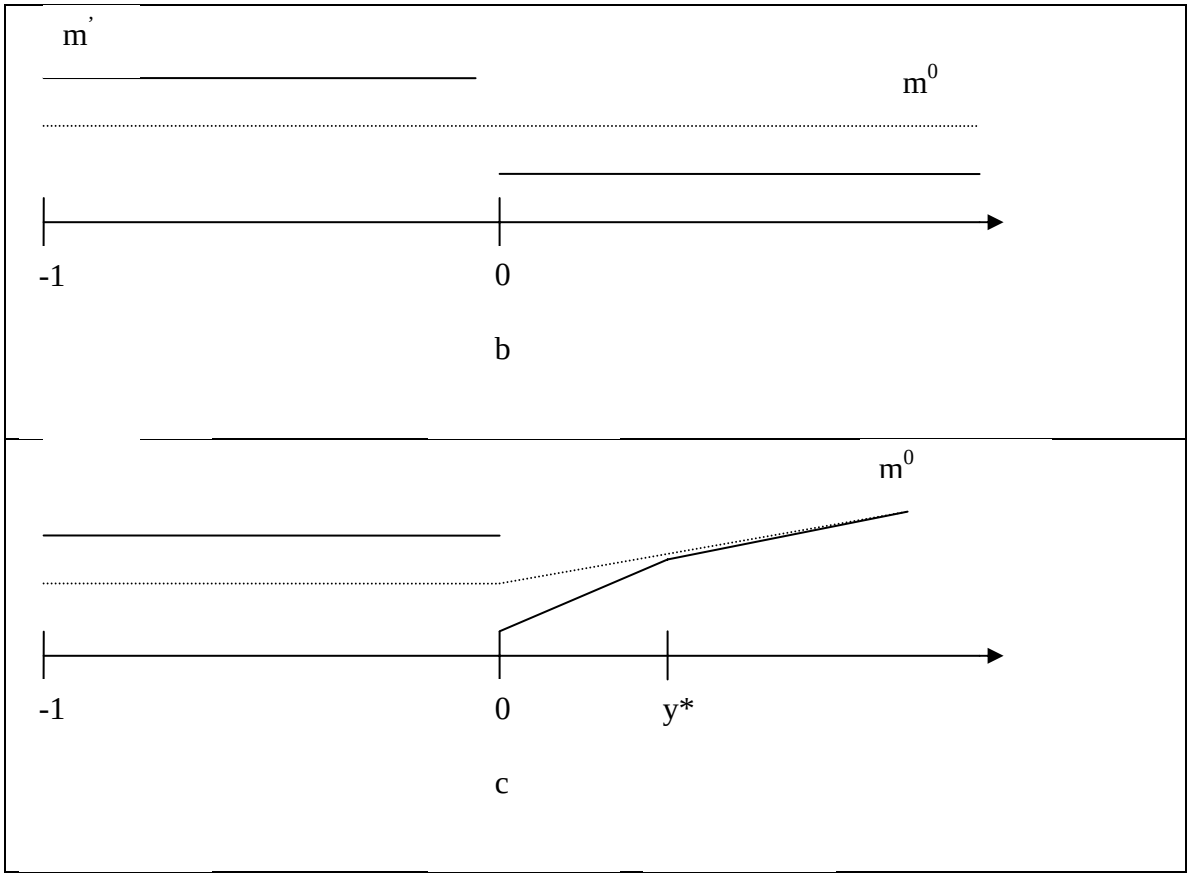


Figure 3: Effects of Policy at the Border

In Figure 3c, we drop the assumption that entrepreneurs are uniformly distributed across the economy. We instead assume that if tax policies were the same across a given region, the area y [-1,0] would have a lower number of establishments then the rest of the region. Indeed, EZs are established in areas that are designated as distressed based on several characteristics, including low employment rates. In this case, the dotted line which represents the measure of establishments in the region is lower in y [-1,0] and increases gradually as one moves away from that area. Similar to Figure 3a, in a case with moving costs, establishment of an EZ in y [-1,0] causes

an increase in the number of establishments in the EZ and a discrete decrease in the number of establishments at the border. If moving costs are negligible than we will simply observe an overall decrease in employment in the area y [0,1]

An additional complication arises if we allow the location of the enterprise to be different from the location of the residence for a given entrepreneur. In other words, firms may be able to hire workers from areas surrounding EZs. In general the rules concerning eligibility for labor tax credits mandate certain conditions. In some states to be eligible for tax credits firms operating in EZ areas need to hire residents of that area. Some states have other eligibility requirements based on income, veteran status, eligibility for public assistance, etc. The areas that are designated as EZs appear to have a larger fraction of their population fulfilling these requirements compared to non-EZ areas. Nevertheless, this possibility may cause EZ policies to cause an increase in employment in the EZ areas as well as the surrounding area. However, their effect would go down as we get further away from the EZ areas.

Overall, we can conclude that changes in economic conditions at the EZ border may reveal information that may help us sort out the effects of EZ policies.

Results

The following tables report California-specific results. Qualitatively, the results are very similar to a US-wide analysis we have done in an earlier paper. Table 1 displays the economic conditions of EZs that were established in 1980s and their surrounding areas. Our data consists of 115 census tracts that belong to EZs that were established in this time period, with 102 census tracts that belong to EZs established in 1986 and 13 census tracts that were in EZs established between 1987-1989.

Table 1:
Economic Conditions – EZs Established in the 1980s

	Poverty Rate %			Unemployment Rate%			Household Income		
	EZ (111)	NEZ (273)	Rest (5024)	EZ (112)	NEZ (280)	Rest (4997)	EZ (80)	NEZ (223)	Rest (3704)
1980	29.3	17.2	10.3	13.5	9.6	6.6	23759	34512	51438
1990	43.1	30.6	14.6	14.9	10.5	6.5	25033	32660	49448
2000	34.6	24.5	13.0	14.1	11.5	7.1	27920	34389	54155
80-90	13.8	13.4	4.4	1.4	0.9	-0.1	19.0	3.7	10.0
90-00	-8.5	-6.1	-1.6	-0.8	1.0	0.5	13.3	6.0	9.3

Table 1:
Economic Conditions – EZs Established in the 1980s

	Vacancy Rate %			Median Rent		
	EZ (101)	NEZ (250)	Rest (3647)	EZ (97)	NEZ (258)	Rest (4483)
1980	5.9	6.5	6.3	460	598	732
1990	5.8	6.2	6.1	523	550	794
2000	8.8	6.5	5.1	600	632	883
80-90	-0.1	-0.3	-0.2	34.1	12.6	31.1
90-00	3.0	0.3	-1.0	15.3	16.4	13.1

Our findings can be summarized as follows:

1. Poverty rate in the EZs has been significantly higher than the poverty rate in the Near EZs or the rest of the state in 1980, 1990 and 2000. Between 1980 and 1990 the increase in the poverty rate was very similar in EZs and Near EZs, both much higher than the rest of the economy. In the 1990-2000 the decrease in the poverty rate in EZs was much higher than the decrease observed in the Near EZs or the rest of the economy.

2. Unemployment rate in the EZs has been significantly higher than the unemployment rate in the Near EZs or the rest of the state in 1980, 1990 and 2000. Between 1980 and 1990 the increase in the unemployment rate was higher in EZs (1.4) compared to Near EZs (0.9) both much higher than the rest of the economy (-0.1). However, in the 1990-2000 period unemployment rate in EZs (-0.8) decreased while it increased for Near EZs and the rest of the economy.

3. Table 2 shows if the differences between EZs and Near EZs are significant.

Table 2:
Differences Across Areas-EZs Established in 1980s

Δ80-90	Poverty Rate %	Unemployment Rate %	Household Income	Vacancy Rates %	Median Rent
EZ vs. NEZ	0.4 (0.42)	0.5 (0.20)	15.3 (0.04)	0.2 (0.76)	21.5 (0.01)
EZ vs. Rest	9.4 (0.01)	1.5 (0.01)	9.0 (0.16)	0.1 (0.84)	3.0 (0.63)
NEZ vs. Rest	9.0 (0.01)	1.0 (0.01)	-6.3 (0.12)	-0.1 (0.87)	-18.5 (0.01)
Δ90-00					
EZ vs. NEZ	-2.4 (0.04)	-1.8 (0.01)	7.3 (0.05)	2.7 (0.01)	-1.1 (0.39)
EZ vs. Rest	-6.9 (0.01)	-1.3 (0.01)	4.0 (0.10)	4.0 (0.01)	2.2 (0.54)
NEZ vs. Rest	-4.5 (0.01)	0.5 (0.12)	-3.3 (0.06)	1.3 (0.01)	3.3 (0.02)

Table 2 analyses differences in Table 2 data, with related p-values of statistical significance reported in parentheses below the differences.

Table 3:
Economic Conditions - EZs Established in the 1990s

	Poverty Rate %			Unemployment Rate%			Household Income		
	EZ (195)	NEZ (303)	Rest (5024)	EZ (201)	NEZ (305)	Rest (4997)	EZ (142)	NEZ (251)	Rest (3704)
1980	24.8	13.7	10.3	12.0	7.4	6.6	22631	39036	51438
1990	37.2	21.8	14.6	13.3	8.5	6.5	25508	43021	49448
2000	27.8	18.0	13.0	12.7	9.1	7.1	30251	47348	54155
80-90	12.4	8.1	4.4	1.4	1.1	-0.1	19.3	18.8	10.0
90-00	-9.4	-3.8	-1.6	-0.6	0.7	0.5	19.6	10.5	9.3

Table 3:
Economic Conditions – EZs Established in the 1990s

	Vacancy Rate %			Median Rent		
	EZ (181)	NEZ (237)	Rest (3647)	EZ (173)	NEZ (286)	Rest (4483)
1980	6.8	5.6	6.3	448	621	732
1990	7.3	5.8	6.1	539	701	794
2000	5.9	4.9	5.1	617	751	883
80-90	0.5	0.2	-0.2	34.4	30.3	31.1
90-00	-1.3	-0.9	-1.0	15.6	8.9	13.1

Table 3 displays the economic conditions of EZs that were established in the 1990s and the economic conditions of areas surrounding them. Our data consists of 122 census tracts that were established as EZs in the 1990-1992 period and 88 census tracts that were established as EZs in the 1993-1995 period. Compared to the data in Table 1, EZs of 90s seem to be established in relatively less poor areas. For example the poverty rate of the EZs that were established in 90s is 37.2 percent in 1990 while the poverty rate of the EZs that were established in 80s was 43.1 percent in 1990. We observe that in the pre-establishment period of 1980-1990 EZs experienced a higher increase in poverty and unemployment rates compared to near EZs. This trend is reversed in the post-establishment period where both the poverty rate and the unemployment rate decrease more in the EZs compared to their surrounding areas.

Table 4:
Differences Across Areas - EZs Established in 1990s

Δ80-90	Poverty Rate %	Unemployment Rate %	Household Income	Vacancy Rates %	Median Rent
EZ vs. NEZ	4.3	3.0	0.5	0.3	4.1
	(0.01)	(0.79)	(0.62)	(0.60)	(0.29)
EZ vs. Rest	8.0	3.3	9.3	0.7	3.3
	(0.01)	(0.01)	(0.01)	(0.05)	(0.65)
NEZ vs. Res	3.7	0.3	8.8	0.4	-0.8
	(0.01)	(0.01)	(0.01)	(0.11)	(0.43)
Δ90-00					
EZ vs. NEZ	-5.6	-1.3	9.1	-0.4	6.7
	(0.01)	(0.01)	(0.01)	(0.08)	(0.01)
EZ vs. Rest	-7.8	-1.1	10.3	-0.3	2.5
	(0.01)	(0.01)	(0.01)	(0.10)	(0.03)
NEZ vs. Res	-2.2	0.2	1.2	0.1	-4.2
	(0.01)	(0.22)	(0.46)	(0.49)	(0.01)

Table 4 reports the p-values to examine if the differences observed between the EZs and Near EZs and the rest are significant.

Table 5:
Housing Units

	EZs Established in the 1980s			EZs Established in the 1990s		
	EZ	NEZ	REST	EZ	NEZ	REST
(N)	(115)	(294)	(5787)	(208)	(323)	(5787)
1980	1279	1467	3824	1580	1574	3824
	(473)	(663)	(2109)	(768)	(729)	(2109)
1990	1364	1724	5036	1725	1760	5036
	(435)	(717)	(2274)	(735)	(748)	(2274)
2000	1427	1820	5622	1810	1831	5622
	(467)	(745)	(2665)	(783)	(812)	(2665)
Ch_80-90	85	257	405	145	187	405
	(234)	(495)	(707)	(369)	(423)	(707)
Ch_90-00	64	95	137	85	70	137
	(153)	(227)	(342)	(200)	(281)	(342)
gr_80-90	14	44	428	23	38	428
%	(46)	(187)	(7940)	(77)	(167)	(7940)
gr_90-00	9	13	13	6	5	13
%	(75)	(234)	(276)	(27)	(135)	(276)

Table 5 reports housing units for EZs.

Table 6:
Differences Across Areas – Housing Units

	EZs Established in 1980s			EZs Established in 1990s	
Δ80-90	**Ch**	**Gr**	**Δ80-90**	**ch**	**gr**
EZ vs. NEZ	-142	-30	EZ vs.	-42	-15
	(0.0112)	(0.1152)	NEZ	(0.3104)	(0.1280)
EZ vs.	-320	-414	EZ vs.	-260	-405
Rest	(0.0002)	(0.5273)	Rest	(0.8051)	(0.4005)
NEZ vs. Re	-148	-384	NEZ vs. Re	-218	-390
	(0.0041)	(0.3512)		(0.0001)	(0.6186)
Δ90-00			**Δ90-00**		
EZ vs.	-31	-4	EZ vs.	15	1
NEZ	(0.0929)	(0.6987)	NEZ	(0.0139)	(0.2816)
EZ vs.	-73	-4	EZ vs.	-52	-7
Rest	(0.0064)	(0.7185)	Rest	(0.0001)	(0.6186)
NEZ vs. Re	-42	0	NEZ vs. Re	-67	-8
	(0.0200)	(0.6269)		(0.0009)	(0.4935)

Table 6 analyses the differences in reported in Table 5, with p-values reported in parentheses. Consistent with our national-level analysis, there is very little difference in growth rates between EZ and non-EZ areas.

Conclusions

The results of this paper suggest that after EZ designation, unemployment, poverty, and vacancy rates in EZs declined more compared to the areas surrounding them, and compared to the rest of the State. Similarly, household incomes and rental rates increase more in EZ areas (after EZ designation) than in other areas. These results are less strong for EZs created in the 1980s. The study overcomes limitations in previous work by utilizing precise census tract matching across a thirty year period. Although we find that EZs are effective in increasing economic performance for these measures, overall welfare conclusions (e.g., cost versus benefit) are beyond the scope of this study.

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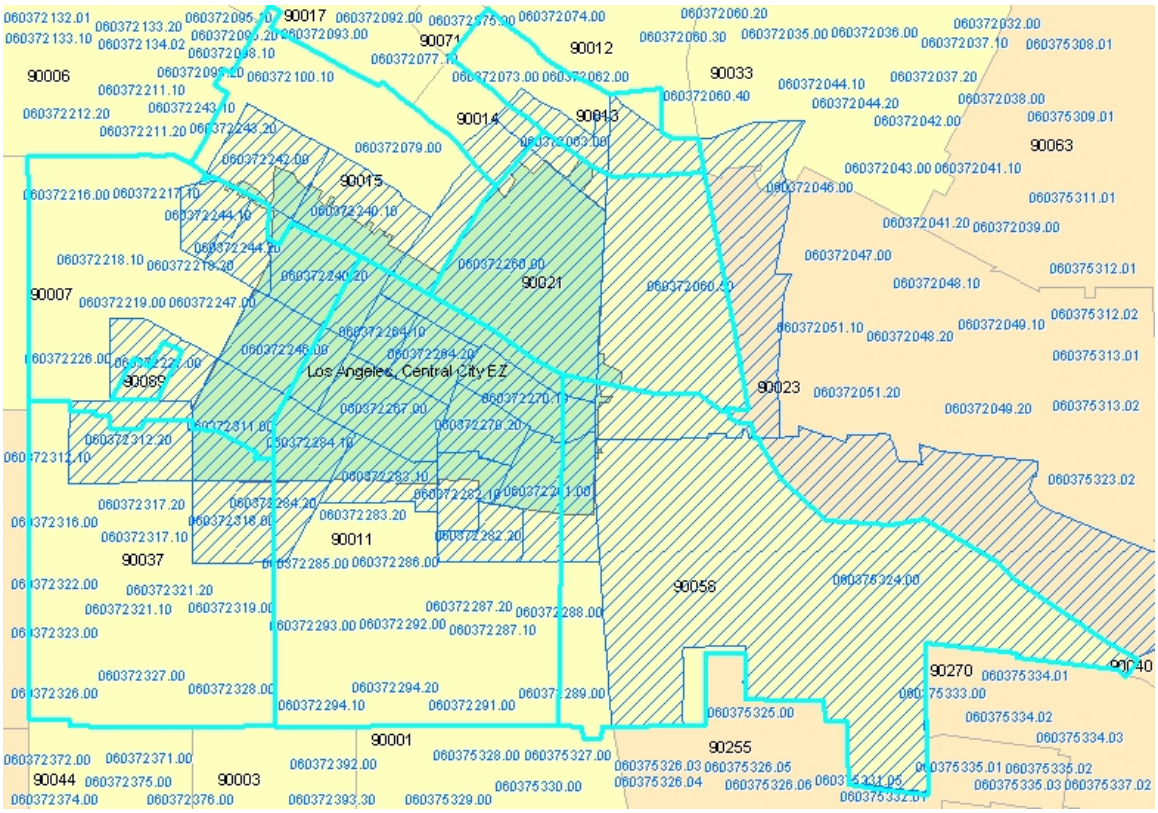
Appendix A

Figure A1 : Zip versus Census Tracts



Legend: thicker lines represent ZIP boundaries; thin lines represent census tract boundaries

Appendix B

Developing a Time Series Decennial Census Database by Census Tract - Methodology

Data Sources

1980 Census -- Acquired from the historical census data archive at the Center for International Earth Science Information Network (CIESIN) at Columbia University.

1990 Census -- Applied Geographic Solutions (AGS) Thousand Oaks, CA. This was subsequently changed to CIESIN.

2000 Census -- Census 2000 Summary File 3 DVD in ASCII format from the U.S. Census Bureau.

Geographic Equivalency -- MABLE `98/Geocorr v.3.0 Geographic Correspondence Engine, Office of Social and Economic Data Analysis -- University of Missouri.

1990 Census Tract Boundaries -- Environmental Systems Research Institute (ESRI) Maps and Data CD. Census Tract boundaries in shapefile format were converted to Atlas GIS format for processing.

2000 Census Tract Boundaries -- Environmental Systems Research Institute (ESRI) Maps and Data CD. Census Tract boundaries in shapefile format were converted to Atlas GIS format for processing.

Processing Procedures

Geographic Equivalency File -- A geographic equivalency file was created for purposes of relating 1990 Census Tracts to their equivalent 1980 Census Tracts. Files were created individually for each state using the MARBLE/Geocorr v.3.0 engine at the University of Missouri Office of Social and Economic Data Analysis (OSEDA). The equivalency file contains essentially three fields:

- 1990 Census Tract
- The equivalent 1980 Census Tract
- An allocation factor to be applied to the 1980 Census Tract

In cases where the 1980 tract definition is exactly the same as the 1990 definition, the allocation factor is 1.0. In cases where a tract was split in 1990, the allocation factor contains the percent of the 1980 area to be allocated to the equivalent 1990 definition. Once downloaded, the 50 state files were combined into a single national file and the numbers of unique tracts for 1990 and 1980 were counted to validate that all tracts had been accounted for.

1980 Dataset

- Historical archive files were downloaded for each of the 50 states from CIESIN FTP site.
- Since the archive file includes records for every level of geography for each state, census tract level records were identified and extracted based on a SUMMARY LEVEL value of "14" (Census Tracts/BNAs) for the required fields.
- The extracted records were converted from the SAS Transport format to DBF format.
- All of the state files were then combined into a single national file and the numbers of census tract records was validated to ensure that there were not missing or duplicated records.
- Once the national file was created, it was re-aggregated to 1990 tract definitions using the geographic equivalency file created with the MARBLE/Geocorr engine.
- The number of 1990 tract definition records were then verified to ensure that there were no missing or duplicated records.
- The national file based on the 1990 tract definitions was then converted to 2000 census tract definitions using Atlas GIS together with 1990 and 2000 Census Tract boundary files. Geospatial processing was performed to allocate demographic attributes from 1990 tract definitions to 2000 tract definitions based on the square mileage of the layered tracts. This approach is similar to that used to convert from 1980 to 1990 but without the use of an equivalency file.

1990 Dataset

- A single national file was created containing the census tract level records for all states in the U.S. for the required fields on 2000 Census Tract definitions.
- The number of census tract records in the dataset was validated to confirm no missing or duplicated records.

2000 Dataset

- Since the SF3 DVD includes records for every level of geography for each state, census tract level records were identified and extracted based on a SUMMARY LEVEL value of "140" (Census Tract/BNAs) for the required fields.
- Tract level records were extracted fro the required fields and converted to DBF files on a state-by-state basis.
- Individual state files were then merged into a single national file containing records for all census tracts in the U.S.

- All of the states files were then combined into a single national file and the numbers of census tracts records was validated to ensure that there were no missing or duplicated records.

Combined Time Series Dataset

- In order to produce the combined file, the 1980, 1990, and 2000 files were matched using the common 2000 census tract to created a single flat file.
- The combined flat file was then loaded into Atlas GIS as an attribute table for 2000 census tract boundaries and overlaid with enterprise zone and TEA boundaries. Based on whether the centroid (geographic center) of each tract polygon was within an EZ, the appropriate EZ identifier was added to each census tract record.

Holes in the 1980 Tract Boundaries

One of the major limitations to the 1980 Census was that only urbanized areas were assigned census tracts. Although the census equally covered the entire nation, small area aggregations are only available for the areas which were assigned census tract/BNA boundaries. Consequently, when 1980 census tracts data are converted to 2000 definitions, a number of 2000 tract records have no corresponding data values for 1980 due to the lack of reporting.

Although the combined file contains records for every 2000 census tract definition, EZs and TEAs containing tracts with missing 1980 values are discarded from the analysis since they will show artificially high population growth for many tracts that contain population values for 2000 but not for 1980. The total database contains 1,212 unique EZ definitions of which 304 have one or more census tracts missing data for 1980.

Analyses of Individual Zone Areas

The following pages report poverty rates, unemployment rates, wage and salary income, vacancy rates, median rents, vouchering statistics, and credits claimed, for each EZ, from 1980 through 2000. We explain how to interpret the tables in the first EZ examined, Bakersfield/Kern.

Appendix III

Analysis of Individual Zone Areas

The following pages report poverty rates, unemployment rates, wage and salary income, vacancy rates, median rents, vouchering statistics and credits claimed, for each EZ, from 1980 through 2000. We explain how to interpret the tables in the first EZ examined, Bakersfield/Kern.

The tables below report economic conditions with respect to poverty rates, unemployment rates, wage and salary income, vacancy rates, and median rents. The data is for the EZ itself, and for comparison purposes, the rest of the State. From the table, we see that EZ poverty rates increased 24.5 percent in the 1980s. In the 1990s, the situation reversed: EZ poverty rates declined by 9.59 percent, considerably better than the 1.39 percent drop for the rest of the State. Unemployment rates are less encouraging. The table shows that EZ rates increased 5.12 percent in the 1980s and 3.2 percent in the 1990s. Both are worse that the rest of the State, which showed a 0.1 percent drop in the 1980s and a 0.5 percent increase in the 1990s. EZ wage and salary income decreased 4 percent in the 1980s, much worse than the statewide improvement of 23 percent. In the 1990s, the wage and salary decline in EZs slowed to 0.9%, an improvement, but still worse than the statewide growth of 14.3 percent.

Bakersfield/Kern
Established 10/15/86

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	20.438	9.9841	9.512	6.4067	32001.17	44368.95
1990	44.986	14.025	14.63	6.2922	30747.91	55014.33
2000	35.3876	12.6347	17.845 7	6.8340	30236.89	63230.30
80-90 change	24.547	4.0418	5.126	-0.1144	-1253.26	10645.79
90-00 change	-9.5985	-1.3911	3.206	0.5418	-511.01	8215.23
80-90 growth					-.0410	.2316
90-00 growth					-.0086	.1427

The table below shows that EZ vacancy rates increased 1.27 and 2.94 percent for the 1980s and 1990s, respectively. This was better than the State in the 1980s (4.04 percent rate) but worse than the State in the 1990s (1.39 percent drop). EZ median rents dropped $98 per month in the 1980s, but increased by the same amount in the 1990s. Statewide, rents did much better than EZs in the 1980s with a $236/month increase, but did worse than EZs in the 1990s with an $84 per month increase.

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	6.5443	9.9841	511.0	585.15
1990	7.8241	14.025	412.5	822.14
2000	10.7664	12.6347	511.15	906.24
80-90	1.2798	4.0418	-98.57	236.99
90-00	2.9423	-1.3911	98.63	84.10

Bakersfield/Kern
- continued -

The next table shows new hire data from HCD. In 2003, 324 new hire vouchers were issued, with a significant 78 percent of them issued for criteria other than the employee living in a TEA. The average wage rate for these employees was $9 per hour.

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	324	78%	$9.00
2004	186	70%	$11.03

The next table shows data for retroactive vouchers issued. That is, vouchers issued for existing employees (i.e., not new hires). Unfortunately, this data was not available for this EZ.

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

The next table shows cost data reported by FTB for 2003. For this EZ, $3.5 million of hiring credits were claimed by banks and corporations, on a total of 12 tax returns.

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$3,541,245	12

Calexico
Established 10/15/86

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	24.118	9.9841	11.92	6.4067	27688.31	44368.95
1990	42.948	14.025	22.00	6.2922	30505.33	55014.33
2000	32.356	12.634	14.07	6.8340	33468.63	63230.30
80-90 change	18.829	4.0418	10.08	-0.1144	2817.02	10645.79
90-00 change	-10.592	-1.3911	-7.933	0.5418	2963.30	8215.23
80-90 growth					.1024	.2316
90-00 growth					.0923	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	2.7352	6.2611		585.15
1990	2.8726	6.0506		822.14
2000	3.7648	5.0348		906.24
80-90	0.1374	-0.2105		236.99
90-00	0.8922	-1.0158		84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	536	17%	$5.75
2004	458	9%	$6.75

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$930,167	23

Eureka
Established 10/15/86

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	18.525	9.9841	11.68	6.4067	27218.53	44368.95
1990	41.073	14.025	11.40	6.2922	27718.62	55014.33
2000	31.065	12.634	10.63	6.8340	27809.47	63230.30
80-90 change	22.547	4.0418	-0.281	-0.1144	500.09	10645.79
90-00 change	-10.007	-1.3911	-0.764	0.5418	90.85	8215.23
80-90 growth					.0223	.2316
90-00 growth					.0105	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	7.5223	6.2611	441.3	585.15
1990	6.9009	6.0506	408.4	822.14
2000	7.0058	5.0348	487.68	906.24
80-90	-0.6214	-0.2105	-32.84	236.99
90-00	0.1049	-1.0158	79.22	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	430	14%	$8.19
2004	508	20%	$7.99

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	235	11%
2004	290	15%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$1,385,223	30

Fresno
Established 10/15/86

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	31.100	9.9841	13.90	6.4067	23446.03	44368.95
1990	63.823	14.025	22.16	6.2922	22768.80	55014.33
2000	50.523	12.634	27.02	6.8340	30198.55	63230.30
80-90 change	32.723	4.0418	8.267	-0.1144	-677.22	10645.79
90-00 change	-13.300	-1.3911	4.856	0.5418	7429.75	8215.23
80-90 growth					-.0352	.2316
90-00 growth					.3789	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	10.087	6.2611	375.2	585.15
1990	7.5804	6.0506	355.7	822.14
2000	11.388	5.0348	424.0	906.24
80-90	-2.5074	-0.2105	-19.52	236.99
90-00	3.8080	-1.0158	68.35	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	2098	55%	Not provided
2004	2671	32%	Not provided

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	1514	35%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$5,921,275	120

Los Angeles — Central City
Established 10/15/86

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	35.790	9.9841	11.31	6.4067	24896.20	44368.95
1990	44.375	14.025	14.19	6.2922	29980.19	55014.33
2000	38.765	12.634	10.06	6.8340	39839.40	63230.30
80-90 change	8.5856	4.0418	2.881	-0.1144	5083.99	10645.79
90-00 change	-5.6109	-1.3911	-4.126	0.5418	9859.21	8215.23
80-90 growth					.2041	.2316
90-00 growth					.3431	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	4.0628	6.2611	291.9	585.15
1990	5.3520	6.0506	484.0	822.14
2000	7.9107	5.0348	547.0	906.24
80-90	1.2891	-0.2105	192.1	236.99
90-00	2.5588	-1.0158	63.02	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	4643	3%	$7.74
2004	2706	2%	$7.76

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	3400	2%
2004	1895	1%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$5,123,062	216

Los Angeles — Eastside
Established 1/11/88

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	25.513	9.9841	9.890	6.4067	29099.98	44368.95
1990	36.055	14.025	12.28	6.2922	33569.66	55014.33
2000	33.436	12.634	12.15	6.8340	34597.74	63230.30
80-90 change	10.542	4.0418	2.396	-0.1144	4469.68	10645.79
90-00 change	-2.6192	-1.3911	-0.133	0.5418	1028.08	8215.23
80-90 growth					.1568	.2316
90-00 growth					.0353	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	3.1855	6.2611	334.0	585.15
1990	3.7450	6.0506	518.7	822.14
2000	5.7459	5.0348	569.0	906.24
80-90	0.5595	-0.2105	184.6	236.99
90-00	2.0009	-1.0158	50.28	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	Not provided	Not Provided	Not Provided
2004	Not provided	Not Provided	Not Provided

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$2,614,975	82

Los Angeles — Harbor Area
Established 3/4/89

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	25.440	9.9841	9.640	6.4067	33262.14	44368.95
1990	36.613	14.025	12.90	6.2922	36080.36	55014.33
2000	40.839	12.634	12.95	6.8340	32921.00	63230.30
80-90 change	11.173	4.0418	3.262	-0.1144	2818.22	10645.79
90-00 change	4.2257	-1.3911	0.053	0.5418	-3159..36	8215.23
80-90 growth					.0847	.2316
90-00 growth					-.0876	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	7.0466	6.2611	339.1	585.15
1990	18.198	6.0506	541.7	822.14
2000	9.8831	5.0348	517.0	906.24
80-90	11.151	-0.2105	202.5	236.99
90-00	-8.3149	-1.0158	-24.73	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	1207	24%	$8.82
2004	4447	46%	$23.30

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	875	23%
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$3,470,799	53

Los Angeles — Mid-Alameda Corridor
Established 10/15/86

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	31.262	9.9841	13.07	6.4067	27890.41	44368.95
1990	42.614	14.025	16.07	6.2922	33304.51	55014.33
2000	35.521	12.634	14.95	6.8340	35484.39	63230.30
80-90 change	11.354	4.0418	2.998	-0.1144	5414.10	10645.79
90-00 change	-7.0956	-1.3911	-1.127	0.5418	2179.88	8215.23
80-90 growth					.2051	.2316
90-00 growth					.0800	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	5.3860	6.2611	359.9	585.15
1990	5.4986	6.0506	535.7	822.14
2000	9.0077	5.0348	575.4	906.24
80-90	0.1125	-0.2105	175.8	236.99
90-00	3.5091	-1.0158	39.71	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	Not provided	Not provided	Not provided
2004	Not provided	Not provided	Not provided

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$5,014,816	131

Los Angeles — Northeast Valley
Established 10/15/86

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	13.822	9.9841	8.077	6.4067	44352.03	44368.95
1990	23.968	14.025	9.642	6.2922	49941.66	55014.33
2000	23.176	12.634	10.44	6.8340	50495.40	63230.30
80-90 change	10.145	4.0418	1.565	-0.1144	5589.63	10645.79
90-00 change	-0.7921	-1.3911	0.802	0.5418	553.73	8215.23
80-90 growth					.1309	.2316
90-00 growth					-.0016	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	4.4274	6.2611	451.7	585.15
1990	5.0254	6.0506	784.0	822.14
2000	3.9181	5.0348	779.9	906.24
80-90	0.5980	-0.2105	332.2	236.99
90-00	-1.1072	-1.0158	-4.05	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	1486	20%	$11.54
2004	1148	20%	$8.59

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$2,256,805	69

Madera
Established 3/3/89

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	17.815	9.9841	11.94	6.4067	35002.93	44368.95
1990	31.197	14.025	14.97	6.2922	34913.78	5014.33
2000	28.184	12.634	17.60	6.8340	41182.08	63230.30
80-90 change	13.381	4.0418	3.290	-0.1144	-89.15	10645.79
90-00 change	-3.0133	-1.3911	2.628	0.5418	6268.30	8215.23
80-90 growth					-.0021	.2316
90-00 growth					.1963	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	11.428	6.2611	440.1	585.15
1990	4.0205	6.0506	408.1	822.14
2000	5.0691	5.0348	557.7	906.24
80-90	-7.4083	-0.2105	-32.07	236.99
90-00	1.0485	-1.0158	149.6	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	334	64%	$9.11
2004	246	59%	$7.83

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	186	62%
2004	68	40%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$2,300,612	30

Pittsburg
Established 1/11/88

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	14.260	9.9841	9.311	6.4067	40029.12	44368.95
1990	18.243	14.025	8.525	6.2922	45844.25	55014.33
2000	14.050	12.634	8.874	6.8340	50306.65	63230.30
80-90 change	3.9837	4.0418	-0.786	-0.1144	5815.13	10645.79
90-00 change	-4.1938	-1.3911	0.349	0.5418	4462.40	8215.23
80-90 growth					.1681	.2316
90-00 growth					.0990	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	7.6781	6.2611	642.6	585.15
1990	7.3762	6.0506	617.6	822.14
2000	4.3425	5.0348	773.5	906.24
80-90	-0.3019	-0.2105	-25.08	236.99
90-00	-3.0337	-1.0158	155.8	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	102	0%	$7.69
2004	201	0%	$10.27

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$641,543	23

Porterville
Established 10/15/86

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	18.345	9.9841	8.975	6.4067	29798.26	44368.95
1990	48.863	14.025	14.94	6.2922	31040.79	55014.33
2000	29.465	12.634	13.42	6.8340	34248.70	63230.30
80-90 change	30.518	4.0418	5.965	-0.1144	1242.53	10645.79
90-00 change	-19.397	-1.3911	-1.518	0.5418	3207.92	8215.23
80-90 growth					.0401	.2316
90-00 growth					.0984	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	6.3727	6.2611	561.7	585.15
1990	5.4050	6.0506	386.7	822.14
2000	7.4277	5.0348	479.2	906.24
80-90	-0.9677	-0.2105	-175.0	236.99
90-00	2.0226	-1.0158	92.55	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	75	60%	$10.00
2004	29	28%	$9.96

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$741,581	Not Reported

Sacramento — Florin-Perkins
Established 4/5/89

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	15.213	9.9841	10.59	6.4067	34682.77	44368.95
1990	33.287	14.025	9.416	6.2922	38414.85	55014.33
2000	22.534	12.634	9.752	6.8340	42914.58	63230.30
80-90 change	18.074	4.0418	-1.177	-0.1144	3723.08	10645.79
90-00 change	-10.753	-1.3911	0.336	0.5418	4499.73	8215.23
80-90 growth					.1169	.2316
90-00 growth					.1160	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	7.6603	6.2611	495.6	585.15
1990	5.7878	6.0506	538.5	822.14
2000	6.3529	5.0348	621.1	906.24
80-90	-1.8725	-0.2105	42.97	236.99
90-00	0.5651	-1.0158	82.57	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	576	94%	$11.11
2004	467	99%	$19.26

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$4,040,368	69

Sacramento -- Northgate
Established 10/15/86

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	22.263	9.9841	17.33	6.4067	30619.39	44368.95
1990	40.070	14.025	12.55	6.2922	35682.28	55014.33
2000	27.507	12.347	10.35	6.8340	37252.65	63230.30
80-90 change	17.807	4.0418	-4.778	-0.1144	5062.89	10645.79
90-00 change	-12.563	-1.3911	-2.201	0.5418	1570.35	8215.23
80-90 growth					.1713	.2316
90-00 growth					.0799	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	11.719	6.2611	325.9	585.15
1990	6.9378	6.0506	497.4	822.14
2000	7.5370	5.0348	592.2	906.24
80-90	-4.7813	-0.2105	171.5	236.99
90-00	0.5993	-1.0158	94.80	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	Not reported	Not reported	Not provided
2004	Not reported	Not reported	Not provided

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$391,401	25

San Bernardino/Riverside-Agua Mansa
Established 10/15/86

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	14.846	9.9841	11.05	6.4067	33322.47	44368.95
1990	26.271	14.025	8.511	6.2922	42325.25	55014.33
2000	24.158	12.634	11.25	6.8340	44553.34	63230.30
80-90 change	11.425	4.0418	-2.542	-0.1144	9002.78	10645.79
90-00 change	-2.1126	-1.3911	2.738	0.5418	2228.09	8215.23
80-90 growth					.2772	.2316
90-00 growth					.0533	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	7.5893	6.2611	657.3	585.15
1990	7.7865	6.0506	560.7	822.14
2000	6.2364	5.0348	616.4	906.24
80-90	0.1972	-0.2105	-96.61	236.99
90-00	-1.5501	-1.0158	55.69	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	524	41%	$9.25
2004	459	58%	$11.40

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	197	27%
2004	84	43%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$1,802,278	47

San Diego/SE Barrio Logan Metro
Established 10/15/86

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	31.212	9.9841	14.77	6.4067	21450.90	44368.95
1990	51.563	14.025	14.50	6.2922	26381.56	55014.33
2000	39.444	12.634	14.47	6.8340	31408.88	63230.30
80-90 change	20.351	4.0418	-0.270	-0.1144	4930.66	10645.79
90-00 change	-12.118	-1.3911	-0.022	0.5418	5027.32	8215.23
80-90 growth					.2984	.2316
90-00 growth					.2050	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	6.9833	6.2611	301.8	585.15
1990	7.3979	6.0506	470.7	822.14
2000	7.3917	5.0348	524.9	906.24
80-90	0.4145	-0.2105	168.9	236.99
90-00	-0.0062	-1.0158	54.14	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	1374	56%	Not Provided
2004	2574	52%	Not Provided

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$1,041,231	32

San Jose
Established 12/31/86

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	22.136	9.9841	10.56	6.4067	30999.91	44368.95
1990	28.667	14.025	8.965	6.2922	40602.69	55014.33
2000	19.588	12.634	6.793	6.8340	58108.29	63230.30
80-90 change	6.5304	4.0418	-1.604	-0.1144	9602.78	10645.79
90-00 change	-9.0791	-1.3911	-2.172	0.5418	17505.59	8215.23
80-90 growth					.3161	.2316
90-00 growth					.4397	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	4.7188	6.2611	493.0	585.15
1990	5.2184	6.0506	695.4	822.14
2000	4.0659	5.0348	911.0	906.24
80-90	0.4995	-0.2105	202.4	236.99
90-00	-1.1525	-1.0158	215.6	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	1571	17%	$13.13
2004	1898	9%	$14.19

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	1151	12%
2004	1231	20%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$6,925,850	123

West Sacramento
Established 1/11/88

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	14.945	9.9841	12.94	6.4067	32764.82	44368.95
1990	36.776	14.025	11.10	6.2922	33046.92	55014.33
2000	25.583	12.634	11.33	6.8340	36120.67	63230.30
80-90 change	21.831	4.0418	-1.830	-0.1144	282.10	10645.79
90-00 change	-11.193	-1.3911	0.221	0.5418	3073.75	8215.23
80-90 growth					.0072	.2316
90-00 growth					.1215	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	7.1131	6.2611	428.9	585.15
1990	5.4578	6.0506	436.9	822.14
2000	7.4423	5.0348	526.2	906.24
80-90	-1.6552	-0.2105	7.99	236.99
90-00	1.9844	-1.0158	89.32	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Hourly Wage
2003	408	36%	$9.80
2004	599	47%	$10.96

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$1,662,605	45

Yuba/Sutter
Established 10/15/86

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	20.840	9.9841	19.14	6.4067	28020.19	44368.95
1990	41.855	14.025	15.01	6.2922	31101.09	55014.33
2000	28.289	12.634	15.23	6.8340	32525.40	63230.30
80-90 change	21.015	4.0418	-4.124	-0.1144	3080.90	10645.79
90-00 change	-13.565	-1.3911	0.216	0.5418	1424.31	8215.23
80-90 growth					.1122	.2316
90-00 growth					.0638	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	9.0517	6.2611	446.7	585.15
1990	5.9532	6.0506	367.6	822.14
2000	8.5363	5.0348	476.9	906.24
80-90	-3.0985	-0.2105	-79.04	236.99
90-00	2.5831	-1.0158	109.3	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg Wage Rate
2003	1313	85%	$8.50
2004	1452	68%	$8.75

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$3,063,074	37

Altadena/Pasadena
Established 4/10/92

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	24.004	9.9841	7.690	6.4067	28650.18	44368.95
1990	36.787	14.025	10.98	6.2922	37099.77	55014.33
2000	26.013	12.634	10.10	6.8340	43049.97	63230.30
80-90 change	12.783	4.0418	3.919	-0.1144	8449.53	10645.79
90-00 change	-10.773	-1.3911	-0.878	0.5418	5950.26	8215.23
80-90 growth					.2974	.2316
90-00 growth					.1626	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	5.6084	6.2611	502.2	585.15
1990	4.3731	6.0506	609.1	822.14
2000	4.1910	5.0348	653.0	906.24
80-90	-1.2353	-0.2105	106.8	236.99
90-00	-0.1821	-1.0158	43.95	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	Not Provided	Not Provided	Not Provided
2004	Not Provided	Not Provided	Not Provided

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$6,084,011	40

Antelope Valley
Established 2/1/97

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	10.503	9.9841	7.032	6.4067	41901.22	44368.95
1990	15.635	14.025	7.674	6.2922	49273.69	55014.33
2000	20.102	12.634	13.04	6.8340	46552.89	63230.30
80-90 change	5.1325	4.0418	0.642	-0.1144	7372.47	10645.79
90-00 change	4.4670	-1.3911	5.373	0.5418	-2720.81	8215.23
80-90 growth					.1805	.2316
90-00 growth					-.0564	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	5.8566	6.2611	347.6	585.15
1990	7.9815	6.0506	671.6	822.14
2000	9.4526	5.0348	673.9	906.24
80-90	2.1249	-0.2105	324.0	236.99
90-00	1.4711	-1.0158	2.29	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	2041	39%	$9.46
2004	1730	43%	$9.15

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	1293	17%
2004	1114	23%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$7,191,471	76

Coachella Valley
Established 11/1/91

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	20.3040	9.9841	7.611	6.4067	29825.40	44368.95
1990	33.894	14.025	13.65	6.2922	31405.10	55014.33
2000	26.639	12.634	11.78	6.8340	36189.90	63230.30
80-90 change	13.590	4.0418	6.044	-0.1144	1579.70	10645.79
90-00 change	-7.2549	-1.3911	-1.867	0.5418	4784.79	8215.23
80-90 growth					.0607	.2316
90-00 growth					.1447	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	7.8173	6.2611	324.8	585.15
1990	4.7685	6.0506	419.1	822.14
2000	8.9490	5.0348	505.4	906.24
80-90	-3.0487	-0.2105	94.31	236.99
90-00	4.1804	-1.0158	86.32	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	3207	18%	$14.60
2004	3534	12%	$15.06

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	987	27%
2004	1121	8%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$1,778,038	72

Delano
Established 12/17/91

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	15.629	9.9841	14.30	6.4067	32389.11	44368.95
1990	32.624	14.025	18.88	6.2922	35363.39	55014.33
2000	26.680	12.634	28.63	6.8340	34993.64	63230.30
80-90 change	16.994	4.0418	4.578	-0.1144	2974.28	10645.79
90-00 change	-5.9439	-1.3911	9.751	0.5418	-369.75	8215.23
80-90 growth					.0920	.2316
90-00 growth					-.0047	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	3.7808	6.2611	341.0	585.15
1990	3.9821	6.0506	408.0	822.14
2000	5.4328	5.0348	488.2	906.24
80-90	0.2013	-0.2105	67.03	236.99
90-00	1.4508	-1.0158	80.14	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	406	1%	$8.02
2004	105	3%	$8.37

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	313	1%
2004	86	1%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$147,986	11

Kings County
Established 6/22/93

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	23.867	9.9841	16.36	6.4067	28492.51	44368.95
1990	47.436	14.025	16.61	6.2922	30491.29	55014.33
2000	33.481	12.634	18.12	6.8340	39193.72	63230.30
80-90 change	23.569	4.0418	0.254	-0.1144	1998.78	10645.79
90-00 change	-13.954	-1.3911	1.509	0.5418	8702.43	8215.23
80-90 growth					.0758	.2316
90-00 growth					.3313	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	5.7421	6.2611	427.7	585.15
1990	6.3669	6.0506	339.4	822.14
2000	7.6928	5.0348	470.4	906.24
80-90	0.6248	-0.2105	-88.38	236.99
90-00	1.3258	-1.0158	131.0	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	727	22%	$8.20
2004	724	11%	$9.40

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	0%	0%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$3,120,953	42

Cost: Benefit: Cost Per Job Created (2003): $4293

Lindsay
Established 10/06/95

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	15.927	9.9841	6.311	6.4067	31481.68	44368.95
1990	36.778	14.025	9.014	6.2922	36196.56	55014.33
2000	35.556	12.634	14.17	6.8340	32488.80	63230.30
80-90 change	20.850	4.0418	2.702	-0.1144	4714.88	10645.79
90-00 change	-1.2216	-1.3911	5.163	0.5418	-3707.76	8215.23
80-90 growth					.1498	.2316
90-00 growth					-.1024	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	4.9056	6.2611	435.2	585.15
1990	3.6858	6.0506	353.7	822.14
2000	4.2646	5.0348	477.6	906.24
80-90	-1.2198	-0.2105	-81.56	236.99
90-00	0.5788	-1.0158	123.9	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	70	0%	$7.25
2004	54	6%	$8.00

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	60	0%
2004	30	0%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$235,510	Not Provided

Long Beach
Established 1/8/92

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	28.383	9.9841	10.50	6.4067	25797.98	44368.95
1990	40.657	14.025	10.79	6.2922	33796.33	55014.33
2000	37.047	12.634	15.08	6.8340	33430.54	63230.30
80-90 change	12.274	4.0418	0.289	-0.1144	7998.35	10645.79
90-00 change	-3.6097	-1.3911	4.283	0.5418	-365.79	8215.23
80-90 growth					.3142	.2316
90-00 growth					-.0087	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	7.8830	6.2611	232.2	585.15
1990	9.9730	6.0506	587.2	822.14
2000	7.2880	5.0348	550.8	906.24
80-90	2.0900	-0.2105	355.0	236.99
90-00	-2.6851	-1.0158	-36.41	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	3196	15%	$9.71
2004	5721	14%	$12.77

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	1887	13%
2004	4075	9%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$11,681,326	168

Merced/Atwater
Established 12/17/91

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	17.709	9.9841	12.32	6.4067	31014.08	44368.95
1990	38.563	14.025	12.21	6.2922	34722.44	55014.33
2000	28.265	12.634	15.96	6.8340	37725.67	63230.30
80-90 change	20.8539	4.0418	-0.118	-0.1144	3708.36	10645.79
90-00 change	-10.297	-1.3911	3.752	0.5418	3003.23	8215.23
80-90 growth					.1149	.2316
90-00 growth					.0951	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	9.3790	6.2611	316.6	585.15
1990	4.4037	6.0506	434.6	822.14
2000	6.3150	5.0348	505.0	906.24
80-90	-4.9753	-0.2105	118.0	236.99
90-00	1.9113	-1.0158	70.41	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	1147	70%	$8.42
2004	725	63%	$8.40

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	245	37%
2004	118	29%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$3,302,721	66

Cost: Benefit: Cost Per Job Created (2003): $2879

Oakland
Established 9/28/93

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	25.484	9.9841	14.37	6.4067	29759.72	44368.95
1990	39.073	14.025	14.13	6.2922	33517.35	55014.33
2000	25.353	12.634	12.06	6.8340	40995.26	63230.30
80-90 change	13.588	4.0418	-0.241	-0.1144	3757.63	10645.79
90-00 change	-13.720	-1.3911	-2.071	0.5418	7477.91	8215.23
80-90 growth					.1366	.2316
90-00 growth					.2307	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	6.8629	6.2611	424.4	585.15
1990	7.8728	6.0506	535.4	822.14
2000	5.2492	5.0348	638.7	906.24
80-90	1.0099	-0.2105	111.0	236.99
90-00	-2.6236	-1.0158	103.3	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	9856	Not Provided	$9.40
2004	8742	Not Provided	$9.75

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$9,243,550	207

Oroville
Established 11/6/91

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	23.201	9.9841	22.26	6.4067	22772.69	44368.95
1990	55.418	14.025	21.32	6.2922	23062.71	55014.33
2000	40.837	12.634	18.01	6.8340	25091.25	63230.30
80-90 change	32.217	4.0418	-0.938	-0.1144	290.02	10645.79
90-00 change	-14.481	-1.3911	-3.316	0.5418	2028.54	8215.23
80-90 growth					.0168	.2316
90-00 growth					.0917	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	8.0709	6.2611	401.7	585.15
1990	8.3101	6.0506	352.9	822.14
2000	12.857	5.0348	433.0	906.24
80-90	0.2392	-0.2105	-48.79	236.99
90-00	4.5471	-1.0158	80.02	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	724	13%	$7.57
2004	662	13%	$8.15

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	562	40%
2004	303	0%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$978,413	26

Redding/Anderson-Shasta Metro
Established 11/6/91

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	12.184	9.9841	12.30	6.4067	31502.	44368.9
1990	17.669	14.025	7.373	6.2922	39424.6	55014.3
2000	12.293	12.634	7.708	6.8340	39193.	63230.3
80-90 change	5.4848	4.0418	-4.935	-0.1144	7922.01	10645.79
90-00 change	-5.3756	-1.3911	0.335	0.5418	-231.08	8215.23
80-90 growth					.2568	.2316
90-00 growth					-.0080	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	8.2865	6.2611	576.7	585.15
1990	6.3029	6.0506	488.8	822.14
2000	5.5520	5.0348	608.5	906.24
80-90	-1.9837	-0.2105	-87.92	236.99
90-00	-0.7508	-1.0158	119.7	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	795	31%	$8.30
2004	795	38%	$9.50

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$1,178,002	100

Richmond
Established 3/3/92

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	23.449	9.9841	13.35	6.4067	32520.89	44368.95
1990	38.665	14.025	14.09	6.2922	38403.44	55014.33
2000	21.951	12.634	10.37	6.8340	46574.82	63230.30
80-90 change	15.215	4.0418	0.733	-0.1144	5882.56	10645.79
90-00 change	-16.714	-1.3911	-3.714	0.5418	8171.38	8215.23
80-90 growth					.1923	.2316
90-00 growth					.2168	.1427

Economic Conditions – continued

	Vacancy Rate %			Median Monthly Rent $		
	EZ		Rest	EZ		Rest
1980	3.7931		6.2611	452.8		585.15
1990	5.5491		6.0506	585.1		822.14
2000	5.2739		5.0348	694.8		906.24
80-90	1.7560		-0.2105	132.2		236.99
90-00	-0.2751		-1.0158	109.6		84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	2604	44%	$9.62
2004	9436	60%	$10.48

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	822	44%
2004	5360	64%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$4,898,582	56

Sacramento-Army Depot
Established 10/4/94

NOTE: Insufficient Number of Census Tracts For Meaningful Economic Analysis

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980		9.9841		6.4067		44368.95
1990		14.025		6.2922		
2000		12.634		6.8340		63230.30
80-90 ch		4.0418		-0.1144		10645.79
90-00 ch		-1.3911		0.5418		8215.23
80-90 gr						.2316
90-00 gr						.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980		6.2611		585.15
1990		6.0506		822.14
2000		5.0348		906.24
80-90		-0.2105		236.99
90-00		-1.0158		84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	Not Provided	Not Provided	Not provided
2004	Not provided	Not provided	Not provided

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$995,665	21

San Diego—San Ysidro/Otay Mesa—South Bay
Established 1/28/92

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	14.384	9.9841	8.333	6.4067	33230.08	44368.95
1990	21.762	14.025	8.316	6.2922	39833.00	55014.33
2000	15.520	12.634	7.716	6.8340	44753.30	63230.30
80-90 change	7.3786	4.0418	-0.017	-0.1144	6602.92	10645.79
90-00 change	-6.2420	-1.3911	-0.600	0.5418	4920.30	8215.23
80-90 growth					.2038	.2316
90-00 growth					.1290	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	5.2398	6.2611	472.3	585.15
1990	6.1693	6.0506	678.3	822.14
2000	4.0470	5.0348	750.7	906.24
80-90	0.9295	-0.2105	206.0	236.99
90-00	-2.1223	-1.0158	72.44	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	612	88%	Not provided
2004	622	74%	Not provided

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$1,584,697	48

San Francisco
Established 5/28/92

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	26.002	9.9841	10.29	6.4067	27052.97	44368.95
1990	34.351	14.025	10.19	6.2922	35387.53	55014.33
2000	19.473	12.634	7.322	6.8340	53943.62	63230.30
80-90 change	8.3489	4.0418	-0.101	-0.1144	8334.56	10645.79
90-00 change	-14.878	-1.3911	-2.870	0.5418	18556.08	8215.23
80-90 growth					.2924	.2316
90-00 growth					.5161	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	8.3736	6.2611	376.6	585.15
1990	9.2122	6.0506	605.2	822.14
2000	5.3968	5.0348	754.0	906.24
80-90	0.8386	-0.2105	228.6	236.99
90-00	-3.8153	-1.0158	148.7	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	Not Provided	Not Provided	Not Provided
2004	Not provided	Not Provided	Not Provided

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$13,993,170	202

Santa Ana
Established 6/8/93

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	20.779	9.9841	6.748	6.4067	29335.10	44368.95
1990	28.694	14.025	11.90	6.2922	36306.11	55014.33
2000	30.117	12.634	11.70	6.8340	38601.37	63230.30
80-90 change	7.4904	4.0418	5.159	-0.1144	6971.01	10645.79
90-00 change	1.8477	-1.3911	-0.205	0.5418	2295.26	8215.23
80-90 growth					.2448	.2316
90-00 growth					.0669	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	4.5683	6.2611	384.4	585.15
1990	8.2301	6.0506	710.5	822.14
2000	2.1464	5.0348	668.2	906.24
80-90	3.6617	-0.2105	326.1	236.99
90-00	-6.0836	-1.0158	-42.29	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	Not Provided	Not Provided	Not Provided
2004	Not Provided	Not Provided	Not Provided

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$9,108,461	253

Shafter
Established 10/4/95

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	7.9829	9.9841	6.446	6.4067	34295.49	44368.95
1990	31.260	14.025	13.56	6.2922	38581.44	55014.33
2000	28.264	12.634	19.59	6.8340	35264.51	63230.30
80-90 change	23.2777	4.0418	7.1203	-0.1144	4285.95	10645.79
90-00 change	-2.9966	-1.3911	6.025	0.5418	-3316.93	8215.23
80-90 growth					.1250	.2316
90-00 growth					-.0860	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	5.6768	6.2611	183.3	585.15
1990	3.1823	6.0506	366.7	822.14
2000	9.2773	5.0348	429.7	906.24
80-90	-2.4945	-0.2105	183.4	236.99
90-00	6.0951	-1.0158	63.02	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	111	20%	$8.34
2004	94	16%	$10.69

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	30	10%
2004	47	13%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$72,181	Not Provided

Siskiyou County — Shasta Valley
Established 6/22/93

NOTE: Insufficient Census Tracts For Meaningful Economic Analysis

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980		9.9841		6.4067		44368.95
1990		14.025		6.2922		
2000		12.634		6.8340		63230.30
80-90 change		4.0418		-0.1144		10645.79
90-00 change		-1.3911		0.5418		8215.23
80-90 growth						.2316
90-00 growth						.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980		6.2611		585.15
1990		6.0506		822.14
2000		5.0348		906.24
80-90		-0.2105		236.99
90-00		-1.0158		84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	65	Not Provided	$10.40
2004	72	Not Provided	$10.33

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	Not Provided	Not Provided
2004	Not Provided	Not Provided

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$319,228	Not Reported

Stockton
Established 6/22/93

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	26.2390	9.9841	19.50	6.4067	25963.75	44368.95
1990	41.855	14.025	20.73	6.2922	28101.76	55014.33
2000	32.949	12.634	19.34	6.8340	32448.37	63230.30
80-90 change	15.616	4.0418	1.234	-0.1144	2138.01	10645.79
90-00 change	-8.9053	-1.3911	-1.393	0.5418	4346.61	8215.23
80-90 growth					.0906	.2316
90-00 growth					.1664	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	7.5225	6.2611	480.2	585.15
1990	4.8814	6.0506	378.3	822.14
2000	6.6287	5.0348	502.1	906.24
80-90	-2.6411	-0.2105	-101.9	236.99
90-00	1.7473	-1.0158	123.8	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	1396	30%	$9.92
2004	2823	10%	$10.79

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	310	25%
2004	1506	4%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$6,174,697	141

Watsonville
Established 5/1/97

Economic Conditions

	Poverty Rate %		Unemployment Rate%		Wage & Salary Income $	
	EZ	Rest	EZ	Rest	EZ	Rest
1980	13.319	9.9841	13.18	6.4067	36167.28	44368.95
1990	18.142	14.025	11.80	6.2922	41731.37	55014.33
2000	16.414	12.634	11.10	6.8340	51321.91	63230.30
80-90 change	4.8229	4.0418	-1.374	-0.1144	5564.10	10645.79
90-00 change	-1.7281	-1.3911	-0.702	0.5418	9590.54	8215.23
80-90 growth					.1526	.2316
90-00 growth					.2245	.1427

Economic Conditions – continued

	Vacancy Rate %		Median Monthly Rent $	
	EZ	Rest	EZ	Rest
1980	6.5032	6.2611	691.0	585.15
1990	5.7694	6.0506	668.7	822.14
2000	4.5105	5.0348	797.4	906.24
80-90	-0.7338	-0.2105	-22.27	236.99
90-00	-1.2589	-1.0158	128.6	84.10

New Hires

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency	Avg. Wage Rate
2003	761	13%	$9.22
2004	593	12%	$9.99

Retroactive Vouchering of Existing Employees

Year	Total Vouchers Issued	% of Vouchers Not for TEA Residency
2003	197	23%
2004	190	10%

Costs

Year	Hiring Credits	Number of Returns Claiming Credits
2003	$1,278,612	42